



The Parliament of the Commonwealth of Australia

REVIEW OF AUDITOR-GENERAL'S  
AUDIT REPORT No. 36, 1992-93:  
ABORIGINAL & TORRES STRAIT ISLANDER COMMISSION:  
COMMUNITY INFRASTRUCTURE  
AND  
AUDIT REPORT No. 1, 1993-94:  
VOLUME 3, SECTIONS 1.13-1.39,  
REPORT ON MINISTERIAL PORTFOLIOS,  
BUDGET SITTING 1993:  
ABORIGINAL & TORRES STRAIT ISLANDER COMMISSION:  
COMMUNITY DEVELOPMENT EMPLOYMENT PROJECTS  
& OTHER MATTERS  
AND  
AUDIT REPORT No. 27, 1993-94,  
SECTIONS 16.19-16.24,  
REPORT ON MINISTERIAL PORTFOLIOS, AUTUMN SITTINGS 1994,  
ABORIGINAL & TORRES STRAIT ISLANDER COMMISSION:  
COMMUNITY DEVELOPMENT EMPLOYMENT PROJECTS

HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE ON ABORIGINAL  
AND TORRES STRAIT ISLANDER AFFAIRS

MAY 1994

The Parliament of the Commonwealth of Australia

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Audit Report No. 36, 1992–93:  
Aboriginal & Torres Strait Islander Commission:  
Community Infrastructure  
and  
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Volume 3, Sections 1.13–1.39,  
Report on Ministerial Portfolios,  
Budget Sitting 1993:  
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Community Development Employment Projects  
& other matters  
and  
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Sections 16.19–16.24,  
Report on Ministerial Portfolios, Autumn Sittings 1994,  
Aboriginal & Torres Strait Islander Commission:  
Community Development Employment Projects

House of Representatives  
Standing Committee on Aboriginal and  
Torres Strait Islander Affairs

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EXTRACTS FROM THE VOTES AND PROCEEDINGS  
No. 8 dated Wednesday, 26 May 1993

AUDITOR-GENERAL'S REPORTS—PUBLICATION OF PAPERS AND  
REFERENCE TO THE COMMITTEE

Mr Speaker presented the following papers:

Audit Act—Auditor General—Audit Reports of 1992-93—  
No. 36—Project audit—Aboriginal and Torres Strait Islander  
Commission:Community Infrastructure

Mr Beazley (Leader of the House), by leave, moved—That:

- (3) the report be referred to the Standing Committee on Aboriginal and  
Torres Strait Islander Affairs

Question—put and passed

*MINISTERIAL REFERRALS*

The following matter was referred to the Committee by the Minister for Aboriginal  
& Torres Strait Islander Affairs, the Hon R Tickner MP, in a letter dated 12  
October 1993.

*Audit Report No. 1, 1993-94: Volume 3, Sections 1.13-1.39, Report on Ministerial  
Portfolios, Budget Sitting 1993: Aboriginal & Torres Strait Islander Commission:  
Community Development Employment Projects & other matters*

The following matter was referred to the Committee by the Minister for Aboriginal  
& Torres Strait Islander Affairs, the Hon R Tickner MP, in a letter dated 23 March  
1994.

*Audit Report No. 27, 1993-94, Sections 16.19-16.24, Report on Ministerial  
Portfolios, Autumn Sitzings 1994: Aboriginal & Torres Strait Islander Commission:  
Community Employment Development Projects*

## MEMBERSHIP OF THE COMMITTEE

37th Parliament

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Mr Garrie Gibson MP

*Deputy Chairperson*

Mr Garry Nehl MP

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Hon Bob Brown MP  
Mr Peter Dodd MP  
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Ms Marjorie Henzell MP  
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Mr Christopher Pyne MP  
Mr Les Scott MP  
Mr Barry Wakelin MP

*Secretary to the Committee*

Mr Allan Kelly

*Inquiry Staff*

Mr Craig Dukes  
Ms Penne Humphries  
Mr Peter Ratas

## ABBREVIATIONS

AEDP	Aboriginal Employment Development Plan
ALOP	Aerodrome Local Ownership Plan
ATSIC	Aboriginal and Torres Strait Islander Commission
ANAO	Australian National Audit Office
CAA	Civil Aviation Authority
CDEP	Community Development Employment Projects
CHIP	Community Housing and Infrastructure Program
DSS	Department of Social Security
EEO	Equal Employment Opportunity
RASS	Remote Air Services Subsidy
RPT	Regular Public Transport
SNAP	Support Network for Aboriginal and Torres Strait Islander Parents Program



## LIST OF RECOMMENDATIONS

The Committee recommends that:

- 1     The Prime Minister:
  - .     takes urgent action through the Council of Australian Governments to ensure that the diversion of mainstream funding away from Aboriginal and Torres Strait Islander people ceases; (*Paragraph 1.14*) and
- 2     .     reviews the recommendations made by the Committee on this matter over the last decade to ensure that they are being implemented. (*Paragraph 1.14*)
- 3     (a)    ATSIC encourage regional councils to announce the reasons for funding decisions whenever possible. (*Paragraph 1.33*)
  - (b)    Where funding decisions made by Regional Councils represent a significant departure from the priorities outlined in Regional Plans, as determined by the Regional Council, it is preferable that the reasons for this deviation from the priorities be publicly announced by the representative of the Council. (*Paragraph 1.33*)
- 4     The Minister for Transport undertake reviews of both the Department of Transport and the Civil Aviation Authority to ensure their active compliance with the Commonwealth's Access and Equity Strategy and Social Justice principles. This review should result in each agency having both a clear set of social justice objectives with appropriate performance indicators and a clear set of access and equity objectives with appropriate performance indicators. (*Paragraph 1.50*)
- 5     The Minister for Transport review his Department's response to Recommendation 78 of the Royal Commission into Aboriginal Deaths in Custody, given the Commonwealth's support for this recommendation, to ensure that effect is given to the thrust of the recommendation. (*Paragraph 1.50*)

- 6 The Minister for Transport, in deciding on the future of the Remote Air Services Subsidy Scheme, ensure that Aboriginal and Torres Strait Islander communities are fully consulted and ensure that they have access to basic air services where no suitable alternative mode of transport is available. (*Paragraph 1.50*)
  
- 7 The Department of Social Security tighten its procedures to ensure that CDEP participants are aware of, and receive, their full entitlements to benefits. (*Paragraph 2.20*)
  
- 8 The Aboriginal and Torres Strait Islander Commission quantify the overpayments made to CDEP communities and correct the overpayments. (*Paragraph 2.20*)



## SECTION 1

### AUDIT REPORT No. 36, 1992-93, PROJECT AUDIT

1.1 Audit Report No. 36, 1992-93 looked at the Aboriginal and Torres Strait Islander Commission (ATSIC) and its provision of Community Infrastructure and made eight recommendations. The Audit Report was referred to the Committee by the House on 26 May 1993. Each of the Audit Report's recommendations are addressed by the Committee in this review, taking into account the responses by ATSIC, the submissions made by the government agencies concerned and evidence given at public hearings, at which the following agencies appeared:

The Aboriginal and Torres Strait Islander Commission;

The Australian National Audit Office;

The Civil Aviation Authority; and

The Department of Transport and Communications.

1.2 A public hearing was held on the inquiry on 18 November 1993 at which the above organisations gave evidence. An additional hearing was held on 24 March 1994. The list of witnesses who appeared at the public hearing is at Appendix 1. Written responses from the respective organisations are included in the transcript of evidence. Extracts from the three Audit Reports are Appendices 2, 3 and 4.

1.3 The project audit of the Community Infrastructure Sub-program by the Australian National Audit Office was conducted to determine whether:

- . the community infrastructure needs of indigenous communities were adequately identified and funding was provided in priority order of need;
- . ATSIC funded projects were identified in consultation with other funding agencies to avoid duplication; and
- . Community Infrastructure funds had been used in furthering the objectives of the program.

1.4 The audit focused on funding for airstrips, barge landings and roads. The report's findings draw on ANAO (ANAO) reviews of selected Community Infrastructure Program projects in the Torres Strait and Palm Island in Queensland, and in selected locations in Northern Territory. Audit fieldwork was conducted in mid-1992.

1.5 The key findings of the audit report are listed below.

- 1 The respective responsibilities of Commonwealth, State/Territory and local Governments in the provision of community infrastructure to indigenous communities are unclear and ATSIC may be funding projects properly the responsibility of other levels of government.
- 2 State Advisory Committees did not document their reasons for their recommendations on the allocation of Community Infrastructure funds to Regional Councils, nor did Regional Councils document their reasons for selecting individual projects for funding.
- 3 In many of the projects examined, the ANAO found no evidence that project costs and benefits were considered with the result that other needs, more pressing in the ANAO's view, were passed over, and some facilities constructed were not being fully used.
- 4 Maintenance requirements and costs were not considered when these projects were planned, risking unexpected costs or a deterioration of community infrastructure.
- 5 Co-operative arrangements between Community Development Employment Projects (CDEP) and infrastructure projects would improve the delivery of infrastructure and make better use of available resources.
- 6 ATSIC lacks a management system to identify outstanding community infrastructure needs and monitor program performance.

1.6 The Committee is satisfied with the departmental responses to the ANAO's recommendations, however, there are two areas of particular concern to the Committee. These were in relation to the decision making processes of the Regional Councils; and the additional responsibilities and costs that might have been imposed on Aboriginal and Torres Strait Islander communities as a result of the changes in Commonwealth regulatory activities in relation to civil airstrips. More information is provided below.

1.7 The first key finding of the audit is linked to ANAO Recommendation No. 1:

*The ANAO recommends that ATSIC*

*ensure that Regional Councils are aware of the responsibilities of other agencies when recommending the funding of projects; and*

*review the extent of its responsibility for funding aspects of infrastructure projects which fall within the purview of State and local government.*

1.8 This latter finding is not new to the Committee which has been drawing attention to this problem for some time.<sup>1</sup> The Committee has gone further in previous reports and states that it is beyond doubt that in a great many instances ATSIC is funding services and projects which are the responsibility of state, territory or local governments.

1.9 In evidence to this inquiry Dr Shergold, Chief Executive Officer of ATSIC stated that:

*I think the Auditor-General's assessment is absolutely correct. Last year ATSIC spent something like \$12 million on the provision of water supplies to Aboriginal communities; \$7 million on road construction; \$6 million on power supply; \$6 million on putting in sewerage systems. The Auditor-General is correct in saying that some of that expenditure should not have had to come from ATSIC coffers, that state and local governments should have themselves met some of those needs.*<sup>2</sup>

1.10 Dr Shergold also pointed to the dilemma that ATSIC and its predecessors have faced for many years:

*... do we refrain from providing communities with those facilities on the basis that they would be more appropriately provided by others, or do we continue to fund communities at the risk that state and local government authorities will continue to stand back?*<sup>3</sup>

1.11 Dr Shergold indicated that ATSIC was endeavouring to negotiate a solution to the impasse while at the same time providing services and facilities. He pointed to the Heads of Government agreement on greater cooperation in the provision of services and facilities to Aboriginals and Torres Strait Islanders as well as the agreement with the Australian Local Government Association.<sup>4</sup>

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<sup>1</sup> House of Representatives Standing Committee on Aboriginal Affairs, *Strategies to Help Overcome the Problem of Aboriginal Town Camps*, 1982  
House of Representatives Standing Committee on Aboriginal Affairs, *Aboriginal and Mainstream Local Government - An issues paper*, 1989  
House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, *Mainly Urban*, Chapters 2, 4, 6, 17 and 18  
House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, *Access & Equity: Rhetoric or Reality?*, 1993, p63-65  
See also: Western Australian Equal Opportunity Commission, *Essential Service Delivery to Aboriginal Communities in Western Australia*, June 1990, p19

<sup>2</sup> Evidence, p8

<sup>3</sup> Evidence, p9

<sup>4</sup> Evidence, p9

1.12 The Committee reiterates its concern that a considerable proportion of the money set aside for redressing the inequalities faced by indigenous Australians and for increasing self determination through targetted programs is required to be diverted into the provision of basic services and facilities that are withheld by the mainstream agencies who are responsible for their provision. The Committee believes that the Audit Office has a role to play in ensuring that, as far as possible, Commonwealth funding to state, territory and local governments for all citizens is equitably distributed, including correcting past inequalities in distribution. This includes analysing whether structural processes or policy decisions on the allocation of resources by departments and agencies at all three levels of Government, effectively restrict access to services for Aboriginal and Torres Strait Islander communities or individuals.

1.13 The Committee is becoming increasingly impatient at the lack of action on many of the recommendations that have been made by the Committee on this issue.

1.14 The Committee recommends that the Prime Minister:

- . takes urgent action through the Council of Australian Governments to ensure that the diversion of mainstream funding away from Aboriginal and Torres Strait Islander people ceases; (Recommendation 1) and
- . reviews the recommendations made by the Committee on this matter over the last decade to ensure that they are being implemented. (Recommendation 2)

#### Setting Priorities - Allocation by State Advisory Committees

1.15 In relation to the allocation of Community Infrastructure funds, the ANAO recommended that

*ATSIC encourage State Advisory Committees to allocate funds on the basis of priority community needs. In so doing, State Advisory Committees could use the various needs surveys to assist in determining priorities and in the allocation of funds.*  
(Recommendation 2)

*and that ATSIC:*

- . *improve the timing of the budget process so as to enable funding to be distributed earlier in the financial year;*

. *develop a national three year rolling program for CHIP;*  
*and*

. *within the context of the National Needs Assessment Survey and Regional Plans, determine priorities for infrastructure funding through meetings of the Commonwealth, States or Territory, and representatives of Regional Councils. (Recommendation 3)*

1.16 ATSIIC noted that State Advisory Committees did not allocate funds, but only recommended allocations between Regional Councils, multi-regional projects and State Grants to the Commission. The final decision on the distribution of funds allocations is a matter for the Commission and the Minister. ATSIIC agreed to both these recommendations and said that it has always encouraged State Advisory Committees to base their recommendations on relative needs and will continue to do so.

1.17 The Committee also notes the response by ATSIIC, which raises similar issues to those raised in relation to ANAO recommendation 5 (see para 1.24 below):

*In this regard, it needs to be recognised that the assessment of relative needs is a very subjective matter - particularly in light of the gross disparity between facilities and services available to Aboriginal communities and those available to the wider community. The legislation provides for the determination of priorities by the people most affected by the decisions. It is difficult in these circumstances to seek to question the priorities determined by Regional Councils, as this can be seen as suggesting that others are better placed to determine what is best for the Aboriginal and Torres Strait Islander population than the elected representatives of that population.*

#### Setting Priorities - Distribution of funds by Regional Councils

1.18 Recommendation 4 states that:

*ATSIIC Regional Offices ensure that Councils are fully briefed on:*

- . *the community needs for infrastructure;*
- . *the costs and benefits of the various proposals; and*
- . *the expected usage of proposed infrastructure.*

1.19 ATSIIC agreed with this recommendation stating that it undertakes these duties as part of the assessment process. ATSIIC also advised the Committee that it has finalised a booklet *Community-Based Planning: Principles and Practices* which



is to assist communities' capacity to plan their own development and establish their own priorities.

### Maintenance costs

1.20 Recommendation 6, which more logically should follow Recommendation 4, states that:

*The ANAO recommends that ATSIC ensure that the nature, costs and responsibilities for maintenance are identified and evaluated in the assessment of funding proposals.*

1.21 ATSIC agreed to this recommendation and advised that the Commission has begun negotiations with various service agencies regarding arrangements and responsibilities for service provision. These negotiations will cover responsibilities for ongoing maintenance as well as capital expenditure.

1.22 The Committee believes that it is important in the planning stages to ensure that both ongoing maintenance costs and the agencies responsible for maintenance are identified and taken into account in the funding proposals.

### Regional Council decision making

1.23 Recommendation 5 states:

*The ANAO recommends that ATSIC encourage Regional Councils to document reasons for funding.*

1.24 ATSIC strongly disagreed with this recommendation. It stated that Regional Councils are responsible for proposing the allocation of funds and the administrative arm is responsible for the assessment of projects and documentation and identifying need and does this as part of the current assessment process.

1.25 There are two issues involved:

- . whether reasons for regional council funding decisions should be documented in some way; and
- . whether a regional council's decisions are reviewable by another agency.

1.26 On the second issue the Committee believes that the ANAO has erred in trying to impose bureaucratic accountability for political decisions that ATSIC Regional Councils have been elected to make. The Committee believes that accountability should apply to:

the briefing and assessment prepared by ATSIC officers on projects which go before Regional Councils to assist them in making their decisions; and

funds allocated to and disbursed by Regional Councils to ensure that they are spent in accordance with the ATSIC Act and the priorities of the Regional Plan as determined by the Regional Council.

1.27 The Committee does not believe that the decisions of Regional Councils, provided they are lawful, should be accountable in the same way as decisions made by public servants. Where approvals represent a significant departure from the priorities of the Regional Plan, the Committee recognises that community acceptance would be assisted if the reasons for the decision are publicly announced. It is important that these decisions and the reasons for them not be subject to appeal.

1.28 Having Regional Councils' document their reasons for all funding decisions implies that decisions are subject to review by a superior agency. This would be contrary to the intent of the establishing legislation. The Committee finds that in making its recommendation the ANAO did not take sufficient care in determining the intent of the ATSIC legislation. As outlined below, there are pitfalls for those who seek to assume a superior position from which to assess the 'correctness' of political decisions.

1.29 In the Audit Report, the ANAO makes itself the arbiter of the appropriateness of decisions made by the Regional Councils, by stating that:

*other needs, in the ANAO's view more pressing, were passed over.*<sup>5</sup>

1.30 The section of the Audit Report on barge landings in Torres Strait is poorly presented. Comments made of one island are extended to apply to all islands.<sup>6</sup> It demonstrates a lack of understanding of the reasons for giving priority to the barge landings. It also shows a lack of understanding of the limited availability of land transport on the islands. The comments on fully utilising the landings<sup>7</sup> would make little sense to Islanders or anyone else with a rudimentary knowledge of Torres Strait Islands' transport needs. The Committee agrees with ATSIC that the ANAO's conclusions on the effectiveness of giving barge landings priority are based on inadequate information. As ATSIC points out, while supply barges can land on natural beaches in favourable weather it is the ability to land essential supplies in inclement weather that is the more important issue.

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<sup>5</sup> Audit Report, p 12

<sup>6</sup> Audit Report, paragraphs 18-20 and evidence, pp 56-7

<sup>7</sup> Audit Report paragraph 16 and Key Finding p vii

1.31 The Committee believes that, given the legislated function of the Regional Council to make decisions, it is not appropriate for the ANAO to review the priorities determined by Regional Councils with respect to funding programs such as infrastructure projects. It is not a requirement imposed on Federal Cabinet, State Cabinets or Local Government authorities to put in writing the reasons why some proposals were funded in the Budget and not others. It is inappropriate to recommend that the ATSIC political structure should be required to do this when other levels of Government do not conduct their political decision-making processes in this way.

1.32 The wording of the ANAO recommendation is that ATSIC *encourage* regional councils to document reasons for funding. While this recommendation was based on a false premise by ANAO and rejected by ATSIC for that reason, the Committee believes it is not without merit. As mentioned above, regional councils are and should remain, politically accountable to their electorates. The Committee notes that it is in the interest of elected bodies to explain to their constituents the basis on which decisions are made. Whether this explanation is best effected through notation in the minutes, through public announcements of various kinds or both, is really a matter for the individual regional council.

1.33 The Committee recommends that:

- . ATSIC encourage regional councils to announce the reasons for funding decisions whenever possible; (Recommendation 3) and
- . where funding decisions made by Regional Councils represent a significant departure from the priorities outlined in Regional Plans, as determined by the Regional Council, it is preferable that the reasons for this departure be publicly announced by the representative of the Council. (Recommendations 4)

1.34 In response to the ANAO's Recommendation 5, ATSIC advised that:

*As a matter of policy, unsuccessful project applicants are advised of reasons for their lack of success in obtaining funding support.<sup>8</sup>*

The Committee queried this in view of the many complaints it has heard about the lack of advice received on the outcome of funding applications by many applicant

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<sup>8</sup> Audit Report, p xv

organisations. Dr Shergold advised that a client service charter has been introduced recently which develops a set of service standards for ATSIC staff. This will cover not only the timeliness of response but also the courtesy of response.<sup>9</sup> The Committee believes that ATSIC should monitor the observance of the charter as it addresses a weakness in ATSIC communications.

#### Relationship with the Community Development Employment Projects (CDEP) Scheme

1.35 In general the audit report found that "Greater use could be made of CDEP labour and materials to construct and maintain community infrastructure" and recommended that:

*ATSIC encourage the coordination of CDEP and CHIP<sup>10</sup> activities recognising the differing objectives and contexts of each program.*  
(Recommendation 7).

In response ATSIC agreed, stating that:

*As a community managed and directed sheme, it is a matter for each CDEP grantee responsible for managing CDEPs and their participants, to decide what projects or activities are undertaken by CDEP. In these circumstances, it is not surprising that the relationship between CDEP and infrastructure projects varies. Where limited or no resources are available for infrastructure needs, communities find CDEP an effective way of redressing that lack. Certainly, in terms of making best and most efficient use of available resources, cooperative arrangements with other programs is a sensible approach.*

1.36 The Committee believes that there is a need for cooperative arrangements between CDEP and CHIP programs although it should be recognised that CDEP has much broader functions than infrastructure provision. As previously indicated, State/Territory and local government responsibilities also need to be clearly defined and taken into account. As the audit report points out:

*CHIP and CDEP serve different purposes, and neither should detract from the responsibility of other government bodies to provide funding. Nevertheless, cooperative arrangements between CDEPs and infrastructure projects would improve the delivery of infrastructure and stretch resources. (P14)*

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<sup>9</sup> Evidence, p10

<sup>10</sup> Community Housing and Infrastructure Program

## Community owned airstrips

1.37 The Audit Report points to additional responsibilities and costs being imposed on indigenous communities through recent changes in Commonwealth service and regulatory arrangements for civil airstrips. It also pointed to a lack of access and equity for Aboriginal and Torres Strait Islander people in relation to the Remote Air Service Subsidy (RASS) Scheme.

1.38 The Royal Commission into Aboriginal Deaths in Custody recommended that the operation of the Aerodrome Local Ownership Scheme (ALOP) be extended to Aboriginal Community Councils. (Recommendation 78) Despite the Commonwealth claiming to support this recommendation, it has in fact withdrawn from the ALOP. The Department of Transport and Communications<sup>11</sup> told the Committee that social benefit subsidies were provided where ALOP licensed aerodromes were essential to the maintenance of reasonable social amenity to local communities but could not be operated commercially. The social benefit subsidies were provided for the future maintenance and operation of those aerodromes in the scheme.<sup>12</sup> The Audit Report points out that most Aboriginal and Torres Strait Islander communities were disadvantaged in not being eligible for the ALOP program when it was operating.

1.39 The Department of Transport advised that of the seven ALOP aerodromes directly servicing Aboriginal and Torres Strait Islander communities two have been assessed as viable and the other five are eligible for social benefit subsidies. One of the viable aerodromes, Thursday Island or, more correctly, Horn Island, does not predominantly service a specific community, in the way that airstrips on outer islands in Torres Strait do. The ALOP was not extended as recommended by the Royal Commission nor has any alternative scheme been put in place. The Commonwealth Government has stated that it supports all but one<sup>13</sup> of the recommendations of the Royal Commission. No exemption has been given to the Department of Transport. The Committee will continue its examination of this issue in its Inquiry into the Report of the Implementation of the Recommendations of the Royal Commission into Aboriginal Deaths in Custody.

1.40 The Department admitted that no consultations were held specifically with Aboriginal and Torres Strait Islander communities before the ALOP was dropped.<sup>14</sup>

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<sup>11</sup> Now the Department of Transport

<sup>12</sup> Evidence, p37-8

<sup>13</sup> Recommendation 189 was not supported

<sup>14</sup> Evidence, p99

1.41 The RASS Scheme supports services providing remote communities with access to educational materials, passenger services and regular deliveries of mail, fresh food and general freight.<sup>15</sup>

1.42 Of the 198 ports benefiting from the scheme, eight are Aboriginal communities and three are Aboriginal owned properties. The Department advised that the scheme ports comprised mostly station homesteads and a handful of small communities.

1.43 The Department of Transport and Communications said of RASS:

*..... although some Aboriginal communities benefit from the service, it primarily services pastoral and farming interests, as Aboriginal educational needs tend to favour personal instruction rather than the distance learning processes facilitated by RASS.*

*The discussions with the states also suggested that there are a number of other agencies, such as the Royal Flying Doctor Service and the Northern Territory Aerial Medical Service which provide air services to Aboriginal communities.*<sup>16</sup>

The Committee has difficulty with these reasons. Not all Aboriginal communities have their own permanent school. The Committee notes as well that the Royal Flying Doctor Service and the Northern Territory Aerial Medical Service also service station homesteads and other small communities. There is clearly a lack of understanding by the Department of the air service needs of many Aboriginal and Torres Strait Islander communities, particularly those of outstations. There is also a clear lack of understanding of the entitlements of such communities. The Access and Equity Strategy is meant to ensure such entitlements are recognised and services provided equitably.

1.44 The problems identified in this report show that the Department's implementation of the Commonwealth's access and equity strategy has been quite ineffectual. There is a lack of a clear implementation strategy for the access and equity strategy as it relates to aviation. From the evidence provided to the Committee there appears to be a total lack of appropriate performance indicators for implementation of social justice measures, particularly as they relate to minority groups.

1.45 The Audit Report also pointed to changes being made by the Civil Aviation Authority which would have transferred certain responsibilities and costs to Aboriginal and Torres Strait Islander communities.

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<sup>15</sup> Department of Transport and Communications, *Annual Report 1992-93*, p23

<sup>16</sup> Evidence, p39

1.46 The Civil Aviation Authority (CAA) introduced regulations in 1992 which required all aerodromes, used by aircraft with more than 30 passenger seats and engaged in Regular Public Transport (RPT) operations, to be licensed. Aerodromes used by smaller aircraft may also choose to be licensed. CAA stated in its submission:

*Under these new Regulations, the responsibility for the safe operation of aerodromes effectively passed to the aerodrome operator, with the CAA undertaking a program of ongoing surveillance. In the case of a new aerodrome, the CAA would undertake an initial comprehensive assessment of the aerodrome prior to licensing.*

*As part of this responsibility, the operator of a licensed aerodrome is required to produce an aerodrome manual setting out procedures for the operation and maintenance of the aerodrome. Also, irrespective of whether licensed or not, those aerodromes used by RPT operations above 9 seats are to submit to the CAA an annual aerodrome safety inspection report prepared by a suitably qualified person.<sup>17</sup>*

1.47 The consultations that the Civil Aviation Authority initially held on the regulatory proposals did not include Aboriginal and Torres Strait Islander communities. It is unfortunate that it fell to the Northern Territory Government to outline the CAA's obligations to meet the Commonwealth's social justice objectives. Following this, and other representations and discussions with the relevant Commonwealth and State Governments, it was agreed that the Commonwealth Government would make available \$300,000 as part of its annual safety contract funding to the CAA, to enable the CAA to continue to provide inspection services to aerodromes north of the 19th parallel which serve remote Aboriginal communities.

1.48 The Committee is deeply concerned that changes directly affecting Aboriginal and Torres Strait Islander communities are still being made without direct consultation with these communities. This is despite numerous recommendations by this Committee in the past, on both the need for consultation, and ways in which consultation, or more accurately negotiation, should take place.

1.49 In examining the CAA's Annual Reports for social justice targets and access and equity objectives the Committee found no references to show they existed. Worse still, the Equal Employment Opportunity (EEO) reporting was restricted to a breakup of male and female employees. The other EEO target groups were not listed. The Committee takes this as an indication by the CAA that the other groups have been dismissed as unimportant.

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<sup>17</sup> CAA submission, p1

1.50 The Committee recommends that:

- . the Minister for Transport undertake reviews of both the Department of Transport and the Civil Aviation Authority to ensure their active compliance with the Commonwealth's Access and Equity Strategy and Social Justice principles. This review should result in each agency having both a clear set of social justice objectives with appropriate performance indicators and a clear set of access and equity objectives with appropriate performance indicators; (Recommendation 5)
- . the Minister for Transport review his Department's response to Recommendation 78 of the Royal Commission into Aboriginal Deaths in Custody, given the Commonwealth's support for this recommendation, to ensure that effect is given to the thrust of the recommendation; (Recommendation 6) and
- . the Minister for Transport, in deciding on the future of the Remote Air Services Subsidy Scheme, ensure that Aboriginal and Torres Strait Islander communities are fully consulted and ensure that they have access to basic air services where no suitable alternative mode of transport is available. (Recommendation 7)





## SECTION 2

### AUDIT REPORTS No. 1 and No. 27, 1993-94, MINISTERIAL PORTFOLIOS

#### CDEP AND OTHER MATTERS

#### INTRODUCTION

2.1 On 12 October 1993 the Minister for Aboriginal and Torres Strait Islander Affairs referred sections 1.13-1.39 of Audit Report No. 1 1993-94, Volume 3, for inquiry. Audit Report No. 1 is the report on Ministerial Portfolios. The sections referred to the Committee cover qualifications in the audit report of the Aboriginal and Torres Strait Islander Commission's 1991-92 financial statements. The qualifications related primarily to the Community Development Employment Projects (CDEP) scheme as well as several other matters. On 23 March 1993 the Minister referred sections 16.19-16.24 of Audit Report No. 27, 1993-94, Report on Ministerial Portfolios, Autumn Sittings 1994. These sections again cover qualifications in the audit of the 1992-93 financial statements as they relate to the CDEP scheme.

2.2 In considering the matters referred to it, the Committee sought and received responses from three agencies:

- . The Aboriginal and Torres Strait Islander Commission (ATSIC);
- . The Department of Social Security (DSS); and
- . The Australian National Audit Office (ANAO).

2.3 The Committee has previously reviewed the Auditor-General's Report No 12, 1990-1991, on the Community Development Employment Projects Scheme. This review found that the CDEP scheme was sound and effective and has much to offer. However, the Committee did conclude that there was considerable scope for improved efficiency of the scheme and made several recommendations to that effect<sup>1</sup>.

2.4 In undertaking the current review, the Committee limited itself to the issues raised in the Auditor-General's reports. These issues include:

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<sup>1</sup> A list of the recommendations is at Appendix 5

inadequate control over Community Development Employment Projects' participant schedules and resulting payments;

problems with:

- program expenditure;
- enterprise funding;
- asset control;
- accounting practices; and

the overpayments identified through the census of CDEP participants.

2.5 The main focus of this review is on the administrative aspects of the CDEP scheme, to which the Audit Office paid particular attention. Many of the issues of concern to the ANAO have already been addressed by ATSIC to improve the efficiency and procedures of the organisation. The Committee believes that the measures undertaken by ATSIC will improve the overall effectiveness of the administrative performance of the Commission.

2.6 The audit report of the 1991-92 and 1992-93 financial statements were qualified because of inadequate control over the Community Development Employment Projects' Scheme. In the 1991-92 Audit Report, concern was expressed over participant schedules and resulting payments of \$207m during the 1991-92 financial year. In the 1992-93 Audit Report, concern was expressed over action needed to correct and recover overpayments identified through the CDEP participant census. Further details of ANAO's concerns are outlined below with the responses from ATSIC and the Committee's findings.

### Community Development Employment Projects (CDEP) Scheme

2.7 In considering this scheme it is necessary to address the fundamental nature and principles of the scheme.

2.8 The CDEP scheme commenced in 1977, in part, as a response to the wishes of many Aboriginal people to break their dependence on unemployment benefits. There are now about 220 CDEP communities throughout Australia, with 22,000 Aboriginal and Torres Strait Islander people participating in the scheme, in urban, rural and remote communities. The Scheme is the Aboriginal and Torres Strait Islander Commission's largest single program.

2.9 To participate in CDEP, unemployed members of a community or group elect to forego their entitlement to Job Search or Newstart allowances to undertake productive activity in return for a wage at least equivalent to those entitlements.

2.10 The scheme offers Aboriginal and Torres Strait Islander communities in remote and rural locations, small rural towns and urban areas where there are no, or limited, alternative employment prospects, a number of benefits. These include:

- . the opportunity to pursue community goals of self-management;
- . acquisition of administrative and work skills;
- . improvement of community economics, facilities and infrastructure; and
- . development of outstations and homelands.

A significant number of communities have also been able to establish projects which generate additional income for their community.

2.11 A national review of the CDEP scheme was undertaken during 1992-93, commissioned by the Aboriginal and Torres Strait Islander Commission, and carried out by Delloitte Touche Tohmatsu. This review was undertaken in the context of the review of the Aboriginal Employment Development Policy (AEDP).

2.12 Previous audit reports of the financial statements of the Aboriginal and Torres Strait Islander Commission by the Auditor-General have found that there were inadequate controls over CDEP participant schedules and resulting payments. The 1991-92 audit report found that there were numerous instances where communities had not forwarded participant schedules to the Commission, lack of evidence of checking of participant schedules and a number of instances where payments were not based on participant schedules.

2.13 These inadequacies are significant as the participant schedules form the basis of payments to CDEP communities.

2.14 A census of CDEP participants was jointly undertaken during 1993 by ATSIC and the Department of Social Security (DSS) to assess and ensure the accuracy of participant schedules. ATSIC have advised that a new administrative system was introduced in October 1992 and eleven census officers were appointed in November 1992 to conduct a census of all CDEP participants.

2.15 Preliminary findings of the census are outlined as follows:

- . the number of participants double-dipping, by concurrently receiving Job Search/Newstart allowances and CDEP, is very low;
- . approximately 11% of CDEP participants have not been receiving Social Security benefits to which they are entitled;
- . there is evidence of over payments to some CDEPs based on participant schedule numbers and census findings;

variations in participant numbers occur at irregular but frequent intervals; and

variations in participant numbers are complex and are not open to conclusive findings without consideration of causal factors including:  
geographic relocations;  
legitimate separations; and  
increases and decreases in community populations.<sup>2</sup>

2.16 In addressing the underpayment of benefits in evidence to the Committee, DSS stated that:

*As part of our enhancement of Aboriginal and Torres Strait Islander Services, we are seeking to address these issues through our Aboriginal and Islander Liaison Officers, our Remote Visiting Teams, as well as the Support Network for Aboriginal and Torres Strait Islander Parents (SNAP) program. As I understand it, preliminary indications are that there is an area of take up of entitlements that does need to be very seriously addressed.<sup>3</sup>*

2.17 The Audit Office indicated that it was very happy with the processes ATSI had put in place, including the census, to overcome the qualifications of earlier Audit Reports.<sup>4</sup> However, the audit report on the 1992-93 financial statements was qualified because of inadequacies in the Commission's accounts and records relating to the Community Development Employment Projects (CDEP) Scheme. The Commission was unable to verify that expenditure totalling \$234m during 1992-93 had been made to participants eligible under the scheme.

2.18 ATSI included in Note 6 to the financial statements, advice that it considered that there is an element of overpayment recorded in the 1992-93 financial statements for the CDEP Scheme for which corrective adjustments will need to be made against 1993-94 payments. The Audit Office is concerned that the extent of corrective adjustments required for 1992-93 payments is yet to be quantified by the Commission and the adjustments made.

2.19 In Note 6 to ATSI's 1992/93 financial statements, ATSI provided the following comment on the procedures that it is taking to address the concerns expressed by the ANAO about the CDEP scheme:

*New procedures require that after the Census has been conducted at a community, new participants must provide proof of identity and*

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<sup>2</sup> Evidence, ATSI, pS18 and ATSI Annual Report 1992-93, Note 6 to the Financial Statements

<sup>3</sup> Evidence, p26-7

<sup>4</sup> Evidence, p118-9

*complete a new CDEP Participant Certificate before they are entered on the community Participant Schedule. The Certificate includes a CDEP Liaison Advice Form which is forwarded to DSS so that if the individual was on Job Search or Newstart before joining CDEP, their benefits can be terminated. This ensures that the integrity of the Census data is maintained.*

*Following completion of the Census, the Census Officers will be retained as CDEP specialists whose duties will include conducting spot checks of communities to ensure that funding is received only in respect of eligible participants.*

*The Commission has also developed a CDEP Participant data base which is maintained by staff of the CDEP Administration Section in Central Office who also monitor the program and are responsible for the release of funds to Regional Offices. Commencing 1 July 1993, participant details are being entered onto the database and amended each quarter. The database has been designed to allow tracking of participants between CDEPs.*

*The Commission believes that the Census and revised procedures it has implemented have tightened the funding process to ensure that Participant Schedules provide an accurate basis for funding within the bounds of acceptable risk management.<sup>5</sup>*

2.20 The Committee recommends that:

- . the Department of Social Security tighten its procedures to ensure that CDEP participants are aware of, and receive, their full entitlements to benefits; (Recommendation 7) and
- . the Aboriginal and Torres Strait Islander Commission quantify the overpayments made to CDEP communities and correct the overpayments. (Recommendation 8)

2.21 The Committee still believes that the CDEP scheme has much to offer Aboriginal and Torres Strait Islander people and communities, especially where there are limited or no employment opportunities. However it is important to retain

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<sup>5</sup> Aboriginal & Torres Strait Islander Commission and controlled entities. Annual Financial Statements 30 June 1993. ATSIC Annual Report 1992-93.

the integrity of the scheme by ensuring the Participant Schedules are accurately maintained as these form the basis of funding the scheme.

2.22 It must also be remembered that the participants on CDEP agree to forgo their Job Search or Newstart Allowance to participate mainly in job creation schemes. As the Chief Executive Officer of ATSIC stated in evidence to the Joint Committee of Public Accounts:

*I put to you this thought: you take a community in which there is no work and you have got 50 individuals who are getting sit-down money. In other words, they are receiving their Job Search or Newstart Allowance, they prove their eligibility, they get their payments, and that is the end of accountability. Say those 50 individuals get together and they decide, voluntarily, that they will work for that sit-down money, and they will work on community enterprises. Once they make that decision, many of them are knowingly then committing themselves to accounting for every dollar of the expenditure of that money which, if they had been receiving it as sit-down money, they would not have had to do. I think you can understand why some communities wonder what they are getting into, when our field officers arrive with their clipboards and their participant schedules and their wanting to know the details of how every dollar was spent.<sup>6</sup>*

#### Program Expenditure

2.23 In addition to the CDEP issues the Audit Report identified deficiencies in general grant administration and instances where Commission rules and procedures were not complied with. ATSIC outlined procedures it is taking or has already undertaken to overcome or diminish these deficiencies. These include:

- . revisions to, and streamlining of, the Grant Procedures Manual;
- . allocation of a new position to each Regional Office (and in the case of the larger offices, an additional position) with responsibilities for such activities as programming, project control, financial review, budgeting and grant acquittals. The positions are to be staffed by officers with financial management skills who are expected to maintain effective accountability both within ATSIC and in funded organisations;
- . provision of staff training in effective grant administration;
- . convening workshops for project officers with a focus on improved grant administration; and

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<sup>6</sup> Joint Committee of Public Accounts, 25 October 1993, p41

development of a Project Grants and Loans (PGL) system to support appropriate "project control" prior to funds being released.<sup>7</sup>

2.24 The Committee believes that these initiatives will address the problems identified by the ANAO. However, the Committee also believes it is necessary for the Office of Evaluation and Audit to monitor these new arrangements and evaluate these procedures to ensure their effectiveness in overcoming the identified problems.

### Enterprise Funding

2.25 The Audit Report found that enterprise loan arrears were not followed up satisfactorily as regular monitoring and review had not always been undertaken of arrears. An arrears task force has been set up by ATSIC to review and action all arrears cases. The percentage of the number of loans in arrears has been reduced from 63.81% as at 31 January 1993 to 48.92% as at 30 September 1993 (\$4,987,651 and \$2,336,681 respectively). The overall reduction was \$2,650,970 which represented a decrease of 53.15% of the total value of arrears that were outstanding as at 31 January 1993.

### Update and reconciliation of the Program Assets Register

2.26 The 1990-91 Audit found that there were no procedures in place for the accounting for program assets. The 1991-92 audit also raised this issue. The Commission advised that a complete reconciliation of the Program Assets Register and copies of relevant title documentation has been undertaken and was current as at 30 June 1993.

### Housing Loans - Provision for Doubtful Debts

2.27 The 1991-92 audit revealed that a large proportion of the Provision for Doubtful Debts - Housing Loans, related to shortfalls arising from forced property sales in the previous year, a problem that had been identified in the previous year's audit.

2.28 To address this issue ATSIC engaged the services of a solicitor from the Attorney-General's Department to process the files identified as property sale shortfalls, for write-off. ATSIC advised that the process being undertaken to write-off each file is time consuming as the delegate is required to be satisfied that strenuous efforts have been made to obtain repayment. A number of files require considerable work as it has been some time since the property was sold and borrowers have been difficult to locate. There are also a number of files that are the subject of legal action.

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<sup>7</sup> Evidence, ATSIC, pS19



2.29 The ANAO indicated that it was satisfied with this response and will ensure that the provision in next year's accounts are adequate.<sup>8</sup>

#### Property, plant and equipment

2.30 The audit also revealed that ATSIC officers could not locate all title documentation for staff housing that was required for the audit inspection. ATSIC advised the ANAO that the problem of matching a Certificate of Title for each staff house property with the details in the Assets Register was being addressed, however a lack of resources to apply to this task had precluded an early resolution of the problem.

2.31 ATSIC advised the Committee that the title documentation for all staff housing is available for audit purposes with the exception of those staff houses previously administered by the former Department of Aboriginal Affairs. Title documentation and resolution for these houses is currently the subject of discussion and action by the ATSIC Legal Section, the Australian Property Group and the Attorney-General's Department.

2.32 The Commission also advised that the Assets Register was current as at 30 June 1993 and all properties maintained by ATSIC are recorded against that register. Procedures are in place for the handling of any future certificates of title and all future property purchases undertaken by ATSIC must be in ATSIC's name and be accompanied by the relevant certificates.

#### Investments in controlled and related entities

2.33 The ANAO report found that a number of investments should be written off in the 1992-93 financial statements of the Commission. ATSIC advised that the investments as listed below were written off in the 1992-93 financial statements:

- . Baruwei Enterprises Pty Ltd and Baruwei Enterprises Unit Trust - Approximately \$2.4 m was written off on 30 June 1993;
- . Warrama Living History Centre Pty Ltd - the Commission's investment of \$1.5m in redeemable preference shares was written off on 30 June 1993;
- . Aboriginal Arts Australia Pty Ltd - the Commission's sold secured assets and the funds from the sale were applied to the outstanding loan. The loan balance of \$642,814 was written off on 30 June 1993.

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<sup>8</sup> Evidence, p 64

2.34 The Commission also advised that these enterprises were inherited by the Commission from its predecessors.

#### Financial Administration

2.35 The review by ANAO of the Commission's financial administration revealed:

- . the need for improvement in the management of receipts;
- . significant control breakdowns in the management of salaries payments;
- . failure to observe procedures for the control of cash and advances; and
- . lack of compliance with procedures for the control of property, plant and equipment.

2.36 New financial management systems have been put in place by ATSIC which address these issues. These include facilities for entering receipts, so that once entered in the system, ATSIC's overall financial position is updated and a banking deposit slip is generated to assist in depositing the monies to the appropriate bank account. The system also enables the matching of the monies paid (receipt) to monies owed (debtor) should it be appropriate.

2.37 ATSIC advised that the control breakdown in the management of salaries related to the non-performance of a number of required checks relating to the processing of salaries payments through the Department of Finance salaries system. ATSIC also advised that:

*a number of factors had caused slippage in the process of performing these checks on Department of Finance output documents, including staff shortages, high staff turnover, inexperienced staff, and an abnormal working environment associated with the commencement of the new organisation which lead to extremely high workloads and a significant backlog of work. Efforts at the time were largely directed towards meeting the immediate demands of clients and, as a consequence, other work which did not impact on those immediate demands, tended to suffer.<sup>9</sup>*

2.38 The Committee notes the difficulties faced by the Commission. However, these areas are important and integral parts of the Commission's operations and it is essential that the new measures and procedures that have been put in place are monitored to ensure their continued effectiveness.

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<sup>9</sup> Evidence, ATSIC, pS25

2.39 As a general observation the Committee also notes the efforts that ATSIC has taken to address the issues raised by the audit reports. The ANAO acknowledged the efforts made by ATSIC to address the ANAO's concerns. In evidence to a Senate Estimates Committee, the ANAO stated that:

*In our work over the last two years we have seen a real intent on the part of ATSIC to improve the quality of its procedures for controlling grants, including CDEP. A number of changes are being put in place which we think are in the right direction -in particular, stronger mechanisms for identifying the people who should be receiving CDEP funding.<sup>10</sup>*

2.40 The Committee agrees with ATSIC on the difficulty in maintaining accountability for many of its programs. In evidence, Dr Shergold said:

*The second reason the dilemma of accountability is greater for ATSIC is the remoteness of many of the Aboriginal communities we serve. If you look at our CDEP scheme and at where the majority of our infrastructure goes, it is to remote communities—communities far from financial management and book keeping expertise; communities in which English is often the second or, indeed, the third language; communities in which there have been very low opportunities for education and training. Therefore, our demands for accountability can often seem very remote and very difficult for the community which is receiving ATSIC funds. It is often not only very difficult for them to live up to our expectations of accountability but, quite frankly, very difficult for them to understand why we are insisting on it. What they want is their houses or electricity or water to be turned on.<sup>11</sup>*

The Audit Office acknowledged the difficulties facing ATSIC:

*I think we would say that we admire ATSIC officers for their efforts. It is a difficult portfolio and a difficult program to run.<sup>12</sup>*

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<sup>10</sup> Senate Estimates Committee A, 20Sep93, pA150

<sup>11</sup> Evidence, p5

<sup>12</sup> Evidence, p116

2.41 In general, the Committee believes that the changes made by ATSIIC in response to the Audit Reports will ensure a more efficient running of the organisation.

GARRIE GIBSON  
*Chairperson*

5 May 1994



**DISSENTING REPORT BY MR NEHL, MR RICHARD EVANS,  
MR PYNE AND MR WAKELIN**

While we are in complete agreement with most of the report, we cannot agree with some of the findings in paragraphs 1.27, 1.28 and 1.32. Consequently we also dissent from the recommendations in paragraph 1.33.

We agree that ANAO has no right to review the priorities selected by a Regional Council in the allocation of funds. Regional Councils are elected to make those decisions on behalf of their constituents. However, where approvals represent a significant departure from the priorities of the Regional Plan, Regional Councils should document the reasons for their funding decisions. Decisions made on behalf of Aboriginals and Torres Strait Islanders should be open, transparent and available to those affected.

The documentation of reasons need not be extensive and would preferably be brief and concise. We agree that these decisions and the reasons for them should not be subject to appeal.

In place of paragraph 1.33, we recommend that:

- . **ATSIC encourage regional councils to announce the reasons for funding decisions whenever possible; and**
- . **where funding decisions made by Regional Councils represent a significant departure from the priorities outlined in Regional Plans, as determined by the Regional Council, the reasons for the departure should be documented in the minutes of the Council's meeting.**

Garry Nehl MP (Deputy Chairperson)

Richard Evans MP

Christopher Pyne MP

Barry Wakelin MP



## APPENDIX 1

### Public Hearings Held and Witnesses Heard

18 November 1993 - CANBERRA

#### ABORIGINAL AND TORRES STRAIT ISLANDER COMMISSION

BEADMAN, Mr RJ	General Manager, Corporate Services
BROWN, Mr MD	Acting Assistant General Manager, Economic Programs Branch
ELDRIDGE, Mr WJ	Assistant General Manager, Budget and Procedures Branch
PLOWMAN, Mr C	Assistant General Manager, Community Services
SHERGOLD, Dr PR	Chief Executive Officer

#### AUSTRALIAN NATIONAL AUDIT OFFICE

GOLIGHTLY, Ms M	Acting Executive Director, Performance Audit
MASON, Mr CR	Senior Director
McPHERSON, Mr CM	Executive Director
MEERT, Mr J	Acting Group Director, Performance Auditing
SMITH, Mr GJ	Senior Director, Special Projects Branch

#### CIVIL AVIATION AUTHORITY

LEMON, Mr PR	Financial Controller, Directorate of Aviation Safety Regulation
MIDDLETON, Mr PO	Manager, Standards Development Branch Directorate of Aviation Safety Regulation



## **DEPARTMENT OF SOCIAL SECURITY**

ATKINS, Ms MG	Manager, Aboriginal and Torres Strait Islander Services
FERNANDO, Miss D	Project Officer, Aboriginal and Torres Strait Islander Services
GRIFFITHS, Mr RB	Assistant Director, Aboriginal and Torres Strait Islander Services
McCABE, Mr MA	Director, Aboriginal and Torres Strait Islander Services
McWILLIAM, Mr JA	Assistant Secretary, Client Services Programs
PHILLIPS, Mr M	Director, Newstart and Special Benefits Programs Section
STANTON, Mr DI	First Assistant Secretary, Family Programs Division

## **DEPARTMENT OF TRANSPORT AND COMMUNICATIONS**

BUTTSWORTH, Ms A	Principal Adviser, Aviation Division
FRENCH, Mr BW	Director, Divisional Management Unit, Aviation Division
STARR, Ms JE	Senior Officer, Aerodromes Group, Aviation Division
WADE, Mr RL	Director, Civil Aviation Authority Coordination Section, Aviation Division

**24 MARCH 1994 - CANBERRA**

## **ABORIGINAL AND TORRES STRAIT ISLANDER COMMISSION**

BEADMAN, Mr RJ	General Manager, Corporate Services Division
BROWN, Mr MD	Manager, CDEP Administration



GRIFFITHS, Mr RB

Assistant Director, Aboriginal and Torres  
Strait Islander Services

McWILLIAM, Mr JA

Assistant Secretary, Client Services  
Programs Branch

**DEPARTMENT OF TRANSPORT**

BUTTSWORTH, Ms A

Acting First Assistant Secretary, Aviation  
Division

FRENCH, Mr BW

Director, Divisional Management Unit,  
Aviation Division

**APPENDIX 2**

The Auditor-General

Audit Report No.36  
1992-93

Project Audit

Aboriginal and Torres Strait Islander Commission  
Community Infrastructure

## Key findings

- The respective responsibilities of Commonwealth, State/Territory and local Governments in the provision of community infrastructure to indigenous communities are unclear and ATSIC may be funding projects properly the responsibility of other levels of government.
- State Advisory Committees did not document their reasons for their recommendations on the allocation of Community Infrastructure funds to Regional Councils, nor did Regional Councils document their reasons for selecting individual projects for funding.
- In many of the projects examined, the ANAO found no evidence that project costs and benefits were considered with the result that other needs, more pressing in the ANAO's view, were passed over, and some facilities constructed were not being fully used.
- Maintenance requirements and costs were not considered when these projects were planned, risking unexpected costs or a deterioration of community infrastructure.
- Co-operative arrangements between Community Development Employment Projects (CDEP) and infrastructure projects would improve the delivery of infrastructure and make better use of available resources.
- ATSIC lacks a management system to identify outstanding community infrastructure needs and monitor program performance.

# Report summary

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## *The Community Infrastructure Sub-Program*

1. ATSIIC's Community Infrastructure Sub-program aims to ensure that indigenous communities have access to municipal services at a level comparable with that of the broader community.
2. Program funds are granted to communities and organisations which then contract with infrastructure providers.
3. In 1991-92 the Community Infrastructure Sub-program and the Housing and Rental Accommodation Program were combined to form the Community Housing and Infrastructure Program (CHIP). CHIP outlays in 1991-92 were \$158.9m.

## *Audit objectives and scope*

4. The objectives of the audit were to establish whether:
  - projects were funded in consultation with other funding agencies
  - infrastructure needs were adequately identified and prioritised, and
  - funds had been used to further the program's objectives.
5. The audit involved reviews of selected infrastructure projects in Queensland and the Northern Territory and focused on funding for airstrips, barge landings and roads.

## *Major findings*

### *Case studies*

6. The ANAO's case study review of infrastructure projects in Queensland found no evidence that project costs and benefits were considered in developing many of the projects examined with the result that:
  - other needs, more pressing in the ANAO's view, were passed over, and
  - facilities constructed were not being fully used.

### *Responsibilities of other levels of government*

7. The Commonwealth provides funding to the States and the Northern Territory (NT) by general revenue assistance, general purpose capital payments, and specific purpose payments. Assistance to local government is via general purpose assistance paid through the States and direct payments to local government from Commonwealth programs. Many of these grants have specific components for indigenous communities.

15. Also, the National Needs Survey has been duplicated to some extent by a recent joint ATSIC and NT government survey of community infrastructure needs in the NT.

16. In addition to the Needs Survey, Regional and Community Planning will help identify community needs and priorities. However, the roles of ATSIC, and other agencies and communities in developing and maintaining community plans need to be defined.

#### Setting priorities

17. The Board of ATSIC Commissioners decides on the State allocation of infrastructure funds. Infrastructure funds are distributed to individual Regional Councils on the recommendation of ATSIC State Advisory Committees, which are composed of Commissioners and Regional Council Chairpersons within each State.

18. State Advisory Committees did not document their reasons for the allocation of funds to Regional Councils. It appeared to the ANAO that past allocation, not current need, was the primary criterion for determining funding levels. No forward commitments were made by State Advisory Committees. Forward commitments would provide assurance of future funding, especially for large projects.

19. Regional Councils distributed infrastructure funds by reviewing submissions from individual communities and organisations. The ANAO found little evidence of consideration of relative needs in the allocation of funds by Regional Councils. For example, reasons for funding decisions were not documented in Council minutes examined by the ANAO.

#### Maintenance costs

20. Maintenance requirements and costs were not considered when projects were planned. The ANAO found that in many cases maintenance strategies had not been devised, and responsibility for maintenance had not been assigned. Although responsible for infrastructure maintenance, some Community Councils do not have the expertise or resources to perform the task.

#### Relationship to CDEP

21. The Community Development Employment Projects (CDEP) scheme is an employment program which meets a broad spectrum of needs among communities. CDEP provides grants to communities to enable them to undertake projects which they select. The relationship between CDEP and infrastructure projects varies between the communities. The ANAO observed CDEP teams constructing and maintaining infrastructure where State or Territory funding was insufficient. Although CDEP projects should not replace funding from other government bodies, co-operative arrangements between CDEPs and infrastructure projects would improve the delivery of infrastructure and make better use of available resources.

### Performance indicators

22. ATSIIC lacks a management system to identify outstanding community infrastructure needs and monitor program performance.

### Community-owned airstrips

23. Many Aboriginal communities have not been assisted to meet the additional costs associated with changes in air safety regulatory activities. The cost of and responsibility for airstrip safety inspections has been shifted to communities and the aviation industry. The Government has introduced social benefit subsidies to help communities disadvantaged by the new arrangements to meet the cost of airstrip safety. However, many communities are ineligible for the subsidies because they were unable to participate in the Aerodrome Local Ownership Scheme which preceded it. Indigenous communities also appear not to have received a proportionate share of assistance under the Remote Airstrips Subsidy Scheme. This scheme subsidises air charter firms in servicing fixed routes, which tend not to include Aboriginal communities.



# Recommendations and Responses

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## *Priority of recommendations*

The ANAO considers Recommendations 1, 4, 5 and 6 should be given higher priority.

## *Recommendations and auditee comments*

### *Recommendation No.1 (Paragraph 37)*

The ANAO *recommends* that ATSIC

- ensure that Regional Councils are aware of the responsibilities of other agencies when recommending the funding of projects, and
- review the extent of its responsibility for funding aspects of infrastructure projects which fall within the purview of State and local government.

### **Response**

Agreed. As part of the development of a policy for the Community Housing and Infrastructure Program (CHIP), ATSIC is in the process of identifying all sources of funding for housing and infrastructure currently available in the Commonwealth, State and Local Governments as well as the private sector (if any) to which Aboriginal and Torres Strait Islander organisations can go for assistance. The project is expected to be completed in August 1993. The details will be made available to Regional Councils to be used when they consider funding proposals.

Meanwhile, the interim CHIP policy, endorsed by the Board in November 1992, clearly identifies what ATSIC perceives as its responsibilities as well as those of other Commonwealth departments, or State/Territory Governments or agencies. This interim policy has been circulated to Regional Councils for comment and for consultation with organisations in their regions.

ATSIC also negotiates on a case by case basis or in general terms to review the extent of its responsibility for the funding of infrastructure projects which are the primary responsibilities of State and Local Government

Additionally, ATSIC is developing a Local Government Policy which will be taking into account the responsibility of Local Government in infrastructure provision. ATSIC is sponsoring a variety of mechanisms to create a better understanding between Local Government and Aboriginal and Torres Strait Islander organisations and communities.

### *Recommendation No.2 (Paragraph 73)*

The ANAO *recommends* that ATSIC encourage State Advisory Committees to allocate funds on the basis of priority community needs. In so doing State

With respect to part two of this recommendation, in the interim CHIP policy referred to above, the Board has approved in principle a three-year rolling program for CHIP. The details of this arrangement will be considered by the Board of Commissioners in the final CHIP policy and then with the Federal Government.

Regarding part three of this recommendation, ATSIC, on behalf of the Commonwealth, has commenced negotiations with State and Territory Governments on the funding and delivery of housing and infrastructure services to Aboriginal and Torres Strait Islander peoples. The negotiations have been undertaken to give effect to a decision by the Government to improve the co-ordination of Aboriginal and Torres Strait Islander programs and services following a report by the Australian Aboriginal Affairs Council (AAAC) in August 1991. This decision has been strengthened by the endorsement in December 1992 of the 'National Commitment to Improved Outcomes in the Delivery of Programs and Services for Aboriginal Peoples and Torres Strait Islanders' by the Council of Australian Governments. The negotiations encompass aspects of the ATSIC Community Housing and Infrastructure Program as well as the Aboriginal Rental Housing Program (ARHP) under the Commonwealth State Housing Agreement (CSHA).

#### Recommendation No.4 (Paragraph 82)

The ANAO *recommends* that ATSIC Regional Offices ensure that Councils are fully briefed on:

- the community needs for infrastructure
- the costs and benefits of the various proposals, and
- the expected usage of proposed infrastructure.

#### Response

Agreed. ATSIC administration undertakes the duties outlined above as part of the assessment process.

#### Recommendation No.5 (Paragraph 84)

The ANAO *recommends* that ATSIC encourage Regional Councils to document reasons for funding.

#### Response

Not agreed.

Regional Councils are responsible for proposing the allocation of funds. ATSIC's administrative arm is responsible for the assessment of projects and documentation and identifying need and does this as part of the current assessment process. A formal application for funds and assessments are required under Sections 22 and 23 of the ATSIC Act which incorporate the need, reasons and justification for funding.

As a matter of policy, unsuccessful project applicants are advised of reasons for their lack of success in obtaining funding support. The ANAO suggestion that the reasons of Regional Councils for proposing funding for particular projects (in lieu of others) will be examined. On the face of it, this would be a major exercise involving a ranking in priority order of all Regional Council projects with accompanying explanation of the Council's ranking rationale for each project, and is unlikely to be a practical option.

Regional Councils are encouraged to allocate funding on the basis of priority of need. It needs to be recognised, however, that individual Councils are faced with demands that encompass all program areas and the priority ranking of needs by Regional Councils will not necessarily equate with that of ANAO or any qualitative survey undertaken in any particular program area. The clear intention of the legislation is that the needs *as assessed by Regional Councils* be the focus of the Commission's application of program funds.

Section 23 of the Act requires an assessment of each project proposed by Commission staff and endorsement of the assessment by the Commission's Chief Executive Officer or his delegate. Clearly, the assessment cannot involve issues of priority, as this would defeat the purpose of the legislation with respect to the function of Regional Councils (and indeed would defeat the goal of the Commission itself). Instead, this assessment is confined to questions of absolute need and public probity (or the extent to which a proposal can be justified as a reasonable expenditure of public funds in the interests of Aboriginal advancement). The issue of relative need is, by dint of legislation, left primarily to Regional Councils with the safety net of Commission oversight of Regional Council proposals.

#### ANAO comment

Regional Councils have the right to choose between projects assessed by ATSIC's administrative arm. ANAO considers that in the interests of accountability Regional Councils should state the reasons for their choices. This need not involve an exhaustive rating of projects. A summary of the reasons why the selected projects were of greater importance to the region should suffice.

#### Recommendation No.6 (Paragraph 96)

The ANAO *recommends* that ATSIC ensure that the nature, costs and responsibilities for maintenance are identified and evaluated in the assessment of funding proposals.

#### Response

Agreed. The Board of Commissioners as part of the interim Community Housing and Infrastructure Policy has identified the responsibility of ATSIC, State and Local Governments regarding the various aspects of Community Housing and Infrastructure. The finalisation of the policy guidelines and ongoing consultation and negotiations with State and Local Government will ensure that ATSIC is more able to identify the above factors at the grant assessment stage.

Current grant application and assessment forms and the CHIP guidelines are being examined as part of the development.

**Recommendation No.7 (Paragraph 108)**

The ANAO *recommends* that ATSIC encourage the coordination of CDEP and CHIP activities, recognising the differing objectives and contexts of each program.

**Response**

Agreed. As a community managed and directed scheme, it is a matter for each CDEP grantee responsible for managing CDEPs and their participants to decide what projects or activities are undertaken by the CDEP. In these circumstances, it is not surprising that the relationship between CDEP and infrastructure projects varies. Where limited or no resources are available for infrastructure needs, communities find CDEP an effective way of redressing that lack. Certainly, in terms of making best and most efficient use of available resources, cooperative arrangements with other programs is a sensible approach.

In considering use of CDEP resources and development of CDEP work plans and budgets, organisations and ATSIC staff are encouraged to consider the availability of other funds. When determining the distribution of CDEP capital and recurrent grant funds (previously oncosts and support) ATSIC Regional Offices are asked to seek Regional Council advice. This should also provide an opportunity to consider links with other Regional Council decisions on funding priorities such as CHIP.

**Recommendation No.8 (Paragraph 113)**

The ANAO *recommends* that ATSIC review its performance indicators for the Community Housing and Infrastructure Program.

**Response**

Agreed. ATSIC has reviewed its performance indicators for this program and these now form part of ATSIC's Operational Plan for 1992-93. Further review of indicators is being undertaken as part of the finalisation of the CHIP policy.

# Community Infrastructure

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## Background

### *The Community Infrastructure Sub-Program*

1. In line with the Government's Social Justice Strategy, initiatives under the Community Infrastructure Sub-program aim to ensure that indigenous communities have access to municipal services at levels comparable to those enjoyed by the broader community.
2. According to ATSIC's Program Performance Statements for 1991-92 the sub-program had the following objectives:
  - to enable indigenous people to establish and maintain small communities on their own land, or on land to which they have a right of occupation, where they are free to follow a lifestyle of their choice
  - to attain a standard of serviced municipal infrastructure in indigenous communities equivalent to comparable non Aboriginal and Torres Strait Islander communities, and
  - to foster the acceptance by State, Territory, and local government authorities that their role and responsibility in the provision and servicing of municipal infrastructure to indigenous residents are no less than that provided to the wider community.
3. In 1991-92 the Community Infrastructure Sub-program and the Housing Rental Accommodation Program were combined to form the Community Housing and Infrastructure Program (CHIP).
4. In 1990-91 capital projects under this sub-program were prioritised at a national level in consultation with community organisations. From 1991-92 Regional Councils will rank projects within their regions.
5. The process of CHIP fund allocation is as follows:
  - ATSIC Commissioners firstly determine 'distribution ratios' of CHIP funds between States (for example, Queensland received 22.5% of national CHIP allocation in 1991-92)
  - CHIP meetings are then held in each State at which Commissioners and Regional Council representatives distribute funds amongst regions
  - Each Regional Council then allocates its CHIP budget to organisations within its regions

## *Audit objectives and scope*

6. The objectives of the audit were to determine whether:
  - the community infrastructure needs of indigenous communities were adequately identified and funding was provided in priority order of need
  - ATSIC funded projects were identified in consultation with other funding agencies to avoid duplication, and
  - Community Infrastructure funds had been used in furthering the objectives of the program.
7. The audit focused on funding for airstrips, barge landings and roads. The following findings draw on ANAO reviews of selected Community Infrastructure Program (CIP) projects in the Torres Strait and Palm Island in Queensland, and in selected locations in the Northern Territory. Audit fieldwork was conducted in mid-1992.
8. The cost of the audit was \$141 000.

## **Case studies**

### *Barge landings in the Torres Strait*

9. The Priority Communities Development Strategy (PCDS) was a Community Infrastructure Program initiative aimed at accelerating improvements in the living conditions of communities. The strategy ran from 1988-89 to 1991-92. In 1988-89 \$22.43m was bid for Torres Strait PCDS.
10. The Island Coordinating Council (ICC) which is incorporated under the *Community Services (Torres Strait Islander) Act 1984* and comprises the Chairperson of each island community council in the Torres Strait was given responsibility for the carriage of the project. The ICC initially identified the following essential projects: barge landing facilities, electricity, road works, airstrip upgrading, sewerage and waste water disposal.
11. Feasibility studies and infrastructure reports were then commissioned with PCDS funds to assess costs and work required. The studies revealed that the total cost of the proposed projects was approximately \$52.4m. Given the limit on funds available not all identified projects were able to be funded.
12. The selection of projects to be funded was made by the ICC. ATSIC advised the ANAO that ATSIC's precursor, the Department of Aboriginal Affairs (DAA), had no role in priority setting.
13. DAA documentation indicated that ICC's final priorities differed from those initially identified. Earlier documentation refers to sewerage as being the highest priority, with airstrips, road works, wharf/ramp facilities and electrification ranked in descending order. ICC eventually chose electrification and barge landing facilities as the priority projects, at a cost of \$5m and \$21.5m respectively.

14. The ANAO was informed by ATSIC that the ICC selected barge landings as it believed that adequate landings were a prerequisite for further infrastructure development. For example, the electricity project would require the delivery of large volumes of fuel to each island.

15. However, the ANAO found no evidence that the costs and benefits of the various projects were assessed adequately when determining priorities for infrastructure projects. For instance, there was no evidence that the expected savings in freight and associated costs from the construction of the barge landings had been calculated. The lack of such analysis casts doubt over the adequacy of decisions to fund infrastructure priorities.

16. These doubts were strengthened by the ANAO's observations that barge landings are not always used by the vessels which service the islands of the Torres Strait. Usually small aluminium landing barges are used. These unload at the closest delivery area, which in only some cases is the barge landing.

17. The priority given to barge landing was also called into question by the existence of other pressing infrastructure needs. For example infrastructure reports prepared by consulting engineers in 1988 and ACS identify the need for water supply, sewerage, roads airstrip and power supply.

18. Principal sources of water are wells, tanks and pumps. A dam exists but has not been used due to excessive seepage losses. Water shortages occur during the dry season. The existing pan sewerage system was considered obsolete and in need of replacement.

19. All roads are partially formed and unsealed with inadequate drainage systems, although there are few vehicles on the island and numbers probably will not increase substantially. Of some concern is the road to the airstrip, which is several kilometres from the community. ATSIC consultants reported that 'upgrading the 3.3km road to the airfield is high on the Councils list of priorities'.

20. The current grass airstrip is useable only in good weather. Attempts to stabilise the surface have not been successful and alternative options will need to be considered.

21. ATSIC considered that the ANAO's conclusions drawn on the effectiveness of giving barge landings priority seemed to be based on inadequate information. ATSIC commented that, although in favourable weather supply barges can land on natural beaches, in inclement conditions the unavailability of adequate barge landings can cause major problems. Moreover, it is a legislative function of Regional Councils to propose priorities for Aboriginal and Torres Strait Islander Communities. The Councils' assessment of priorities will not always accord with the views of outside observers; indeed, it is this divergence of views that led to the Government's adoption of a policy of self-determination.

### *Current infrastructure needs on Palm Island*

22. In 1989 the Minister for Aboriginal Affairs made \$2.1m available for infrastructure on Palm Island. Projects to be funded were selected by the Community Council.

23. Council's final project priorities differed from those initially identified. Earlier documentation refers to airstrip works, services to Butler Bay, a sewerage plant and a subdivision as being priorities.

24. The ANAO was unable to find evidence of the rationale for identifying and prioritising infrastructure needs. The ANAO observed that quite pressing needs were not funded.

25. At the time of the audit, Palm Island was experiencing a critical water shortage. A steady growth in population combined with little rain had put a strain on an already inadequate water supply. It was estimated that the water supply would last only several more weeks.

26. Some options could alleviate but not solve the current problems. Replacement of inoperable pipelines from smaller dams is such an option. The State government has contributed funds toward this.

27. Palm Island has sought funding of \$7m from ATSIC in 1992-93 to overhaul and upgrade water supply capacity. At the time of audit, approximately \$400 000 in infrastructure funds had been allocated to constructing an air terminal and upgrading a barge landing on Palm Island.

28. ATSIC proposed to the Regional Council that they reallocate infrastructure funds to water supply. However the Council, as is its prerogative, opted to continue funding for the air terminal and barge landing. ATSIC subsequently advised the ANAO that Palm Island water supply is addressed in current (1992-93) infrastructure allocations.

## Sources of infrastructure funding

29. The Commonwealth provides funding to the States and the NT by general revenue assistance, general purpose capital payments, and specific purpose payments. Assistance to local government is via general purpose assistance paid through the States and direct payments to local government from Commonwealth programs. Many of these grants have specific components for indigenous communities.

30. The provision of funding for infrastructure purposes involves a number of funding sources, including:

- ATSIC
- Commonwealth agencies such as the Department of Health, Housing, Local Government and Community Services.
- Queensland and Northern Territory Government authorities and public utilities which provide essential services, general health, welfare and other services.

31. ATSIC takes the view that the provision of community infrastructure including the construction and maintenance of roads, airstrips and barge landings is primarily a responsibility of the relevant State or Territory Government agencies.



32. The Community Infrastructure Program serves as a 'safety net', ATSIC believes. Strategies of the current CHIP program include provision of supplementary funding to other governments or agencies to 'accelerate the provision of ... services to severely disadvantaged rural and remote ... communities'.

33. According to ATSIC, infrastructure providers at all levels of government consider ATSIC to be the major provider of infrastructure for indigenous people. These perceptions clearly conflict with ATSIC's understanding of its role, and may result in other agencies assigning what are properly their responsibilities to ATSIC.

34. The problem is widely recognised and measures have been taken recently at various levels to resolve it. Local committees, such as those organised under the Aboriginal Employment Development Policy, have discussed the local role of each service provider in the context of the AEDP. At the highest level, the Heads of Government in May 1992 recognised the role of ATSIC and agreed to establish principles and plans for improved inter-governmental relations in Aboriginal Affairs.

35. The Board of ATSIC Commissioners is to consider monitoring the use of Commonwealth funds transferred to State governments for local road construction and maintenance. This will ensure that communities' road needs are included in any State and Commonwealth funding formula for the distribution by State Governments of funds to local government.

36. The ANAO considers that a valuable first step would be to ascertain the respective contributions of the three levels of government in infrastructure provision, and the per capita levels of funding of indigenous communities vis a vis the total population.

### *Recommendation No.1*

37. The ANAO recommends that ATSIC

- ensure that Regional Councils are aware of the responsibilities of other agencies when recommending the funding of projects, and
- review the extent of its responsibility for funding aspects of infrastructure projects which fall within the purview of State and local government.

### *Funding inequities*

38. Recent reviews have shown that indigenous communities have not received an equitable share of Commonwealth and State Road funds. The 1989 report of the Joint Parliamentary Committee of Public Accounts Inquiry into Management of Commonwealth Road Funding Programs found that:

- indigenous communities were disadvantaged in the distribution of Commonwealth roads funds through local government
- in general, roads to Aboriginal communities were substandard compared to mainstream communities

- a catch up program was clearly needed to redress the neglect of roads in and to some communities, and
- indigenous communities with local government status are eligible for direct funding under the Australian Land Transport Program but receive little because funds are allocated on the basis of population and road length.

39. The Queensland Local Government Grants Commission reviewed the distribution of Commonwealth Local Government Financial Assistance funds in Queensland, particularly in relation to indigenous community councils and concluded that community councils should have received proportionately more funding in 1990-91.

## Coordinating the provision of infrastructure

40. The *ATSIC Act 1989* requires ATSIC to monitor and coordinate policies and programs affecting Aboriginals and Torres Strait Islanders.

41. Sub-section 3 (d) states that an object of the Act is

‘to ensure coordination in the formulation and implementation of policies affecting Aboriginal persons and Torres Strait islanders by the Commonwealth, State, Territory and local governments, without detracting from the responsibilities of State, Territory and local governments to provide services to their Aboriginal and Torres Strait Islander residents.’

42. Sub-section 7 (1) of the Act includes the following in the Commission’s functions:

‘to monitor the effectiveness of programs for Aboriginal persons and Torres Strait Islanders, including programs conducted by bodies other than the Commission ...’, and

‘to advise the Minister on the coordination of the activities of other Commonwealth bodies that affect Aboriginal persons or Torres Strait islanders’

43. As stated in the Auditor-General’s Audit Report No.15 of 1992-93 on ATSIC’s Regional Administration, the Act does not clearly specify a *role* for the Commission in coordinating services to indigenous people, though it does require ATSIC to monitor the programs of other agencies.

## *Commonwealth - State agreements*

44. The *Aboriginal Affairs (Arrangements with States) Act 1973* provides for the Commonwealth and States to enter into agreements on matters relating to Aboriginal Affairs.

45. Agreements have been made between the Commonwealth and all States except Queensland. However, a Memorandum of Understanding was signed with Queensland for the 1990-91 and 1991-92 financial years.

## *Other agreements and arrangements*

46. There are a number of other Commonwealth and State government agreements and arrangements for the provision of infrastructure to communities. These are:

- the Tripartite Forums established as part of the Aboriginal Health Strategy
- Australian Aboriginal Affairs Council
- Aboriginal Employment Development Policy
- Joint Officer Standing Committee on Aboriginal and Torres Strait Islander Affairs, and
- Commonwealth Interdepartmental Task Force on Aboriginal and Torres Strait Islander Local Government Issues.

## *Working Party review of coordination*

47. Following the Special Premiers' Conference in 1991, a Working Party was formed to report on means of achieving greater coordination in the delivery of programs and services to indigenous people.

48. The Working Party found that delivery of community infrastructure and housing was fragmented and confused between and within Commonwealth and State or Territory governments. Also, coordination and planning had not been effective because processes for it were imprecise, and there were few linkages between the current coordination arrangements and service delivery.

49. The Working Party also found State/Commonwealth service delivery agreements to be ad hoc, unenforceable, and outdated. They were not the product of an analysis of roles and responsibilities.

50. The Working Party recommended that the Australian Aboriginal Affairs Council:

- define standards of service delivery which reflect the diversity of needs
- maintain data on needs and whether they are addressed
- know how and when to apply the user pays principle
- analyse the direction, objectives and outcomes of government expenditure
- recognise the major costs of providing and maintaining infrastructure particularly in remote areas, and
- develop joint planning strategies.

51. In the Auditor-General's Audit Report No.15 of 1992-93 on ATSI's Regional Administration, the ANAO made recommendations to improve the coordination of services to indigenous people (Recommendations 31 to 38).

## Planning infrastructure projects

52. ATSIC has conducted several reviews at National and State level to identify and document infrastructure needs.

### *National Needs Survey*

53. The National Needs Survey which is part of the National Aboriginal Health Strategy aims to estimate the needs and costs of essential community services as well as provide information on housing and infrastructure for use in planning, policy and program development, and coordination of service delivery.

54. The results of the Survey are to form the database for planning the allocation of CHIP funds.

55. In the NT, the Australian Bureau of Statistics has gathered information on:

- the type, length and maintenance of community roads
- the availability, condition and accessibility during all weather of sea or river loading facilities
- availability, need for, type and condition of airstrips, and
- the accessibility of roads and airstrips during all weather.

56. Some problems have been experienced with the survey. In Queensland, where commencement was delayed, consultation with State funding bodies, including the Queensland Department of Transport, did not occur during the planning phase.

57. The National Needs Survey should provide a comprehensive database of existing and future infrastructure needs for each community. The database should allow CIP funds to be used much more efficiently, effectively and economically.

58. A summary of State based surveys is provided in Table 1 below.

## Setting priorities

59. Infrastructure priorities are to be set by regional and community planning. Regional planning is a function of Regional Councils, provided in Section 94 of the Act. Regional Plans are intended to set priorities at the Regional Council level and to influence Commission funding allocations. The first Regional plans were completed in late 1992.

60. Community Planning is a process whereby individual communities (and organisations) define needs, aspirations and resources in order to facilitate community development. Such plans identify infrastructure needs and assist ATSIIC in infrastructure funding.

61. While community planning has been practised for some time, ATSIIC only recently provided support for it. ATSIIC and DEET have completed a \$4m pilot community planning project in 1991-92 in six communities throughout Australia.

62. Community Planning is still developing and a number of issues need to be resolved. These issues include:

- a clear definition of community development, and
- a clear definition of the respective roles of ATSIC, other government agencies and communities in developing and maintaining community plans.

63. In its report on ATSIC's Regional Administration the ANAO made recommendations to increase the effectiveness and efficiency of community and regional planning (Recommendations 25 to 30).

Table 1  
State based surveys of infrastructure

Year	Subject of the survey
1990	The Compilation of Environmental Health Infrastructure Needs was an infrastructure development study funded by ATSIC and the Queensland Department of Family Services and Aboriginal and Islander Affairs.
1990	The Review of the Infrastructure needs of Aboriginal communities in Queensland was conducted by Australian Construction Services (ACS) and provided information for capital and maintenance works funded in the 1991-92 budgets. It consolidated previous studies, identified omissions or deficiencies and evaluated recommendations. It estimated \$14.5m in capital works, \$0.5m in immediate maintenance works and \$12.4m in annual maintenance works were required in Queensland for community infrastructure.
1992	The Australian Survey and Land Information Group of the Department of Administrative Services has been commissioned by ATSIC in Western Australia, New South Wales and South Australia to prepare detailed plans of communities for medium to long term infrastructure project planning.
1992	<p>Joint ATSIC/NT Government Aboriginal Community Infrastructure Survey - phase 1 identified planning information, compile information in NT agencies, and address deficiencies in existing information.</p> <p>The ANAO observed that Joint ATSIC/NT Government Aboriginal Community Infrastructure Survey duplicated the National Needs Survey, being based on ABS data collected for the National Needs Survey. Although ATSIC considers that the Joint Survey complements the National Survey and is particular to the needs of NT communities, the ANAO believes that the National Needs Survey provides the information required.</p>
Ongoing	The NT Department of Transport and Works maintains a database of roads on communities and out-stations. Where ATSIC had funded small road sections, or communities had graded their own bush tracks, the Department were not always advised of their location or standard.

## *Allocation of annual Community Infrastructure funds*

64. Funds are allocated by the following process:

- ATSIC Commissioners determine 'distribution ratios' between States (for example, Queensland received 22.5% of national CHIP allocation in 1991-92).
- At meetings of each State Advisory Committee funds are distributed amongst Regional Councils.
- Each Regional Council allocates its CHIP budget to organisations

65. In 1991-92 and 1992-93 CHIP funding within Regions has devolved to Regional Councils. The ANAO observed several shortcomings in the operation of this process in 1991-92.

## *Allocation by State Advisory Committees*

66. Allocations amongst the States by the Commission, and amongst Regional Councils by the State Advisory Committees, were made on the basis of historical allocations rather than an assessment of State and Regional needs.

67. The Queensland State Advisory Committee divided residual CHIP funds equally amongst all State Regional Councils. However, the funds were too small for any significant infrastructure projects. (In 1992-93 approximately \$0.7m of residual funds were allocated per Council.)

68. The Queensland State Advisory Committee appeared not to have used the various needs surveys when allocating funds.

69. In 1991-92 \$15m in forward obligations was committed for 1992-93 in Queensland. This was allocated to five of the State's eleven Regional Councils. The ANAO found no rationale for the amounts determined, the division of funds between Regional Councils or projects to be funded. It appears that these funds were not allocated to specific projects until the 1992-93 CHIP conferences.

70. The 1991-92 State Advisory Committee CHIP meetings were not completed until September 1991. As a consequence, 1991-92 funds could not be disbursed until October-November 1991, this being the earliest Regional Councils could meet to distribute CHIP funds within Regions.

71. The ATSIC Office of Evaluation and Audit (OEA) has raised similar concerns. The OEA found that the timing of CHIP meetings:

- created or increased pressure to disburse funds by the end of the financial year
- reinforced the view that outcomes were another name for spending the year's allocation by the end of the financial year, and
- militated against effective longer term planning and inhibited the negotiation of matching arrangements with State and Territory governments.

72. The ANAO considers that CHIP funds could be used more effectively if allocated at the State level on the basis of prioritised community needs. This approach would allow funds to be directed to the more urgent and possibly larger infrastructure projects.

### *Recommendation No.2*

73. The ANAO *recommends* that ATSIC encourage State Advisory Committees to allocate funds on the basis of priority community needs. In so doing State Advisory Committees could use the various needs surveys to assist in determining priorities and in the allocation of funds.

### *Recommendation No.3*

74. The ANAO also *recommends* that ATSIC:

- improve the timing of the budget process so as to enable funding to be distributed earlier in the financial year
- develop a national three year rolling program for CHIP, and
- Within the context of the National Needs Assessment Survey and Regional Plans, determine priorities for infrastructure funding through meetings of the Commonwealth, States or Territory, and representatives of Regional Councils.

75. Similar recommendations were also raised by the OEA in a past report.

### *Distribution of funds by Regional Councils*

76. Regional Councils distributed infrastructure funds by reviewing infrastructure submissions from individual communities and organisations. The ANAO observed some shortcomings in the process of CHIP funds allocation by Regional Councils.

77. The basis for prioritisation was not documented in Regional Council meeting minutes examined by the ANAO. The Palm Island/Yarrabah Regional Council distributed their funds equally among the communities. There was no evidence of consideration by Council of the relative priority needs of each community.

78. Regional Councils approve recurrent funding, such as operational subsidies to community councils through their infrastructure budget. In the Torres Strait all local councils receive an annual operational grant from the CHIP program. In some cases funding was provided on the basis of the previous years funding.

79. In addition, the Torres Shire Council receives an annual grant for road works and drainage. (In 1991-92 this grant was \$100 000.) The ANAO found no evidence that this allocation was made on a needs basis.

80. The ANAO's case studies (see section 2) found no evidence that project costs and benefits were considered in developing many of the projects examined with the result that:

- other needs, in the ANAO's view more pressing, were passed over, and
- facilities constructed were not being fully used.

81. In the ANAO's view, there are two steps which need to occur:

- Regional Councils should be provided with appropriate information, and
- Regional Councils should give reasons for their decisions.

#### *Recommendation No.4*

82. ANAO *recommends* that ATSIC Regional Offices ensure that Councils are fully briefed on:

- the community needs for infrastructure
- the costs and benefits of the various proposals, and
- the expected usage of proposed infrastructure.

83. The ANAO recognises that Regional Councils are free to determine their own priorities among competing projects. Nevertheless, in the interests of accountability, there should be documentation to explain why certain projects were selected over other projects. The implementation of regional planning processes, underway at the time of audit, should provide statements of objectives and priorities against which Regional Councils may be held accountable.

#### *Recommendation No.5*

84. The ANAO *recommends* that ATSIC encourage Regional Councils to document reasons for funding.

### **Maintenance costs**

85. In the Torres Strait and on Palm Island, the ANAO found that maintenance costs were not taken into account when projects were planned.

86. Infrastructure such as roads, barge landings and airstrips requires periodic maintenance. The harsh environment in Northern Australia speeds the deterioration of these facilities.

87. In Queensland, the State Government has retained responsibility for funding the maintenance costs of infrastructure. However, since funding is based on past contributions it has been inadequate to meet increasing maintenance costs.

88. The Review of Infrastructure Needs for Aboriginal Communities in Queensland highlighted the need for a maintenance program for communities.



89. ATSIC provides some additional recurrent funding to community councils for operating expenses and wages of municipal workers. However, the ANAO found that ATSIC in general leaves the responsibility for funding maintenance with Queensland Government agencies.

90. ATSIC has spent \$21.5m on the construction of barge landings in the Torres Strait. Although the landings will require maintenance (to remove marine growth, to repair ramps damaged by barges and dredge silted up channels) the ANAO found no evidence that maintenance requirements and associated costs had been identified, or that any agency had taken responsibility for maintenance and repairs.

91. The costs of maintenance could be significant. For example, channels need to be dredged regularly of silt.

92. ATSIC advised the ANAO that, since completion of the ramps \$0.37m had been released to the Island Coordinating Council for maintenance of the barge landings. However, no maintenance plan had been formulated.

93. The ANAO also found no evidence that maintenance requirements, associated costs and responsibilities had been identified and taken into account when assessing infrastructure proposals for Palm Island.

94. The onus appears to be on Community Councils to maintain infrastructure but they do not have the necessary resources and expertise.

95. Failure to identify the nature and estimated cost of maintaining and operating infrastructure may lead to:

- poor expenditure decisions
- unexpected or additional costs to local Councils which may restrict funding of other services and/or
- result in inadequate maintenance, the deterioration of infrastructure and a lower return on the investment of ATSIC funds.

### *Recommendation No.6*

96. The ANAO *recommends* that ATSIC ensure that the nature, costs and responsibilities for maintenance are identified and evaluated in the assessment of funding proposals.

## **Relationship with the Community Development Employment Projects (CDEP) Scheme**

97. The ANAO found that CHIP and CDEP resources were not always well coordinated. Greater use could be made of CDEP labour and materials to construct and maintain community infrastructure.

98. Palm Island, Queensland, has approximately 600 CDEP participants with an annual budget of approximately \$6m. CDEP involvement in infrastructure is limited to road maintenance work and the construction of mud brick houses.

99. The Palm Island community council and CDEP teams operate relatively independently. CDEP teams have their own equipment (utilities, trucks, mowers, tools) which could be used to assist the Council with infrastructure construction and maintenance but generally is not.

100. At other communities, CDEP labour and equipment was used to a greater extent in constructing and maintaining infrastructure. At Jumbun community CDEP resources were used to construct a causeway to upgrade the water supply to a new farming sub-division.

101. In the Torres Strait most communities utilise CDEP labour for infrastructure provision and maintenance, such as building sea walls. Some islands augment essential services with CDEP as State Government funding is often insufficient to provide services.

102. In the NT, CDEP work forces were often used to maintain roads and airstrips. In some cases, CDEP based organisations have won contracts from the Northern Territory Department of Transport and Works.

103. In a few instances ATSIC has funded the purchase of heavy equipment for maintenance of roads and airstrips. Funds for equipment purchases come from moneys granted for the purpose or from CDEP wages savings.

104. The use of other programs resources such as CDEP to construct and maintain infrastructure depends on several factors:

- the attitude of CDEP administrators, (usually the community council)
- lack of funding available under CHIP
- whether the equipment would be used solely by the CDEP or would be available to the wider Aboriginal community in the area, and
- whether funding was the responsibility of ATSIC.

105. The Commission is to consider investigating the involvement of CDEP in providing municipal services, and what implications any such involvement has for grants from the Commonwealth to local government through the States. At present, ATSIC provides no clear direction to communities as to which source of funding is appropriate.

106. CHIP and CDEP serve different purposes, and neither should detract from the responsibility of other government bodies to provide funding. Nevertheless, cooperative arrangements between CDEPs and infrastructure projects would improve the delivery of infrastructure and stretch resources. For instance, the use of CDEP labour and equipment could result in infrastructure cost savings.

107. It is also possible for CDEP groups to contract with State and Local Governments for the provision of infrastructure.

115. Until recently Civil Aviation Authority Inspectors conducted safety inspections of community airstrips. Airstrip owners have always been responsible for ensuring that airstrips are maintained to safety standards.

116. CAA is phasing out safety inspections, and airstrip operators and pilots will be responsible for conducting the necessary safety checks and for safe aircraft operations. Communities will also meet the costs of reports to CAA.

117. The Commonwealth Department of Transport and Communications (DTC) provided assistance for the maintenance of airstrips under the Aerodrome Local Ownership Plan (ALOP). The assistance was ceased and a one off payment to owners of commercially non-viable airstrips was made. Many communities were not entitled to the payment as they were not qualified to participate in the former Aerodrome Local Ownership Plan. This was because they were unable to raise the required one-third community contribution to ALOP.

118. In response to the DTC's action, the NT Department of Transport and Works is to fund airstrip maintenance of airstrips handling regular passenger flights.

119. In addition to the Aerodrome Local Ownership plan, DTC also administered a Remote Air Services Subsidy (RASS) Scheme. Aircraft operators receive a subsidy for servicing remote communities which have been approved by the Department.

120. A review of the Scheme conducted by a consultant to the CAA found that those most in need in remote Australia, isolated Aboriginal communities, are under serviced by the RASS. Conversely, many corporately owned cattle stations are receiving a subsidy for air services.

121. These changes may increase the call on ATSIC to meet the costs associated with airstrip operation. The Commission as part of its local government strategies intends to ask Australian Construction Services to report on the maintenance and safety of airstrips in light of the withdrawal of safety inspections.

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*A. C. Taylor*

25 May 1993  
Canberra, ACT

J.C. Taylor  
Auditor-General

The Auditor-General

Audit Report No.1  
1993-94

Report on Ministerial Portfolios  
Budget Sittings 1993

Volume 3

Prime Minister and Cabinet Portfolio  
Foreign Affairs and Trade Portfolio  
Primary Industries and Energy Portfolio

# 1 Prime Minister and Cabinet portfolio

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## Portfolio key findings and impacts

### 1991-92 financial statements

The audits of the 1991-92 financial statements conducted throughout the portfolio revealed generally satisfactory results, with the exception of the financial statements of the Aboriginal and Torres Strait Islander Commission (ATSIC), which were qualified because of inadequate control over Community Development Employment Projects' participant schedules and resulting payments of \$207m during the year.

The financial statement audit found that overall there was a need to continue to tighten the national regime of training, monitoring, management control and reporting in ATSIC.

### ATSIC Community Infrastructure

An efficiency audit on the Aboriginal and Torres Strait Islander Commission Community Infrastructure found deficiencies with documentation on the reasons for Committee recommendations on allocations of funds and Regional Councils' reasons for selecting individual projects. Several recommendations were made to improve the administration of projects.

Employment Projects (CDEP) and infrastructure projects would improve the delivery of infrastructure and make better use of available resources.

1.12 ATSIAC agreed with all but one of the audit's eight recommendations.

## Audits reported in this portfolio

Statutory authorities, companies and other bodies

Aboriginal and Torres Strait Islander Commission (section 1.13)

## Statutory authorities, companies and other bodies

### Aboriginal and Torres Strait Islander Commission

1.13 The 1991-92 financial statements for the Commission were received on 15 February 1993. A qualified audit report on the Commission's financial statements for the year ended 30 June 1992 was provided to the Minister for Aboriginal and Torres Strait Islander Affairs pursuant to sub-section 72(8) of the *Aboriginal and Torres Strait Islander Commission Act 1989* on 17 February 1993. The accounts and records report was issued on 6 July 1993. The Commission obtained approval from the Minister for Aboriginal and Torres Strait Islander Affairs to an extension of the period in which it must furnish him with the report of its operations for 1991-92 from 31 December 1992 to 28 February 1993. The Commission's annual report was tabled in the Parliament on 5 May 1993.

1.14 The audit report was qualified because of inadequate control over Community Development Employment Projects' participant schedules and resulting payments of \$207m during the 1991-92 financial year. Further details are provided below.

1.15 A report was also provided to the Minister for Aboriginal and Torres Strait Islander Affairs on the results of the audit of the accounts and records of the Commission. The more significant matters are outlined below.

### Community Development Employment Projects (CDEP)

1.16 Consistent with the audit reports on the financial statements of the Commission for the periods ended 30 June 1990 and 30 June 1991, the audit for the period ended 30 June 1992 again disclosed inadequate control over CDEP participant schedules and resulting payments. In particular, the audit revealed numerous instances where communities had not forwarded participant schedules to the Commission, lack of evidence of checking of participant schedules and numerous instances where payments were not based on participant schedules.

1.17 Note 5 to the Commission's financial statements provided an overview of the problem, and an acknowledgment by the Commission that difficulty had been experienced in obtaining certified participant schedules from communities. The significance of this comment is that participant schedules form the basis for calculation of CDEP entitlements and payments to communities. The Note also disclosed that to address this problem a new administrative system had been introduced in October 1992 and eleven Census Officers were appointed in November 1992 to conduct a census, in co-operation with the Department of Social Security, of all CDEP participants. The Commission advised that further administrative controls will be introduced by the automated Project Grants and Loans System which will be fully operational in the 1993-94 financial year.

1.18 The Commission also advised that it is confident that these initiatives, which were not in place for the 1991-92 financial year, will satisfy all the concerns of the ANAO. They will be significantly implemented in 1992-93 and fully implemented by 1993-94.

#### Program expenditure

1.19 The audit of program expenditure revealed weaknesses in grant administration and instances where Commission rules and procedures were not complied with.

1.20 The Commission advised that it has taken action to overcome or diminish weaknesses in grant administration identified by the ANAO by revision of procedures, creation of a new position in each Regional Office with responsibility for program expenditure, staff training, and development of a new Project Grants and Loans system.

#### Enterprise funding

1.21 ANAO review of the Enterprise Program identified that enterprise loans repayment arrears were not followed-up satisfactorily as regular monitoring and review had not always been undertaken of arrears. The Commission advised that ANAO concerns had been addressed with the establishment of an Arrears Task Force and the creation of a monitoring system. All arrears borrowers have now had appropriate follow-up action initiated or legal action commenced. The Commission considers that the level of arrears has been contained and is reducing as a result of these actions.

#### Update and reconciliation of the Program Assets Register

1.22 The 1990-91 audit found that there were no procedures in place for the accounting for program assets. The Commission had, however, taken steps in March 1991 to adopt procedures to require the program assets register to be maintained. This matter was raised again in the 1991-92 audit and the Commission advised that the update of program asset records would be completed by 30 June 1993.

#### Title documents for program assets

1.23 Difficulties, as in the 1990-91 audit, were again experienced in locating title documentation for program assets.

1.24 The Commission advised that a reconciliation of the program assets register with title documents commenced in late 1992 but had not been completed. Completion was expected by 30 June 1993.

#### Housing Loans - Provision for Doubtful Debts

1.25 The ANAO reported in the 1990-91 financial statement audit report that a large proportion of the Provision for Doubtful Debts - Housing Loans related to shortfalls arising from forced property sales in the previous year.

1.26 The 1991-92 financial statement audit revealed that the abovementioned problem still existed.

1.27 The Commission advised that action on Housing Loan Doubtful Debts had been given high priority. Some former borrowers had been located and had agreed to enter into arrangements to pay accumulated shortfalls. An officer from the Attorney-General's Department had been seconded to assist in investigating whether any accumulated debts should be written-off. A total of \$234 668 was written-off in 1992-93.

#### Property, plant and equipment

1.28 Commission officers could not locate all title documentation for staff housing required for audit inspection.

1.29 The Commission advised that the problem of matching a Certificate of Title for each staff house property with the details in the Assets Register was being addressed. The lack of resources to apply to this task had precluded an early resolution of the problem. Procedures would be developed and agreed with the Australian Property Group and the Attorney-General's Department in each relevant State/Territory for the handling of Certificates of Title in the future.

#### Investments in controlled and related entities

##### *Baruwei Enterprises Pty Ltd and Baruwei Enterprises Unit Trust*

1.30 Baruwei Enterprises Pty Ltd is a 51% controlled subsidiary company of the Commission. The Commission also holds Preference Units at a cost of \$250 000 in Baruwei Enterprises Unit Trust. The Company did not present audited financial statements for the year ended 30 June 1992, and the Commission's financial statements excluded this subsidiary company from the consolidated financial statements as disclosed in Note 2(k).



1.31 The Company's financial position, as disclosed in Note 21 to the financial statements, disclosed that the Company had ceased trading. A review of unaudited financial statements as at 30 June 1992 disclosed that liabilities exceeded assets by over \$2m. This included a loan by the Commission of \$2.9m. The Commission assessed the realisable value of assets held as security against the loan at \$985 000 and made a provision for doubtful debts for the shortfall as at 30 June 1992 of \$1 917 000.

1.32 The Commission has since advised that the assets of Baruwei Enterprises were being sold. The Commission's loan to the Company was unlikely to be repaid, so the capital value of the Commission's investment was effectively nil.

1.33 The ANAO considers that the investment in Baruwei Enterprises should be written off in the Commission's 1992-93 financial statement.

*Warrama Living History Centre Pty Ltd*

1.34 The Commission has an investment of \$1.5m in this Company which is in liquidation. The ANAO raised the question of whether the carrying value for the company in the Commission's account was appropriate.

1.35 The Commission has since advised that there was little prospect of any dividend being paid from the liquidation or any return of capital from the Company and that therefore the capital value of the Commission's investment was nil. The ANAO considers that the investment in Warrama Living History Centre should be written off in the Commission's 1992-93 financial statement.

*Aboriginal Arts Australia Pty Ltd*

1.36 The Commission had a balance of \$642 000 outstanding on a loan made to Aboriginal Arts Australia. A provision for doubtful debts for the full amount was included in the Commission's 1991-92 financial statements. The Commission has since advised that the Company has ceased trading, has no capital value and would be wound-up.

1.37 The ANAO considers that the loan to Aboriginal Arts Australia should be written off in the Commission's 1992-93 financial statements.

**Financial Administration**

1.38 A review of the Commission's financial administration revealed the following:

- the need for improvement in the management of receipts
- significant control breakdowns in the management of salaries payments

- failure to observe procedures for the control of cash and advances,
- lack of compliance with procedures for the control of property, plant and equipment.

1.39 The Commission advised of action to address these matters.

## Cross-portfolio audits

1.40 The ANAO programs a wide range of audit activities that may have relevance to more than a single agency or portfolio. Details of cross-portfolio audits reported during 1992-93 or presently under way that may involve the Prime Minister and Cabinet portfolio are shown in Volume 2 - Cross-portfolio Audits.



The Auditor-General

Audit Report No.27  
1993-94

Report on Ministerial Portfolios  
Autumn Sitzings 1994

## 16 Prime Minister and Cabinet Portfolio

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### **Key Findings**

#### **Financial statements**

The audit report on the Aboriginal and Torres Strait Islander Commission's 1992-93 financial statements was qualified regarding the Community Development Employment Projects Scheme. The ANAO was unable to determine whether all expenditure under the Scheme was valid.

#### **Accounts and records**

The adequacy of Land Council financial information supporting requests for release of funds and the level of discretion as to timing of release of funds were raised regarding the Aboriginals Benefit Trust Account.

## Aboriginal and Torres Strait Islander Commission

16.19 The Aboriginal and Torres Strait Islander Commission was established by the *Aboriginal and Torres Strait Islander Commission Act 1989*. ATSIC's principal functions are to formulate and implement economic and social programs for the Aboriginal and Torres Strait Islander people.

16.20 In 1992-93 ATSIC's operating expenses were \$813m while operating revenue was \$26m, with revenue from Government of \$798m. ATSIC has twenty-nine Regional Offices, seven State Offices and a Central Office in Canberra. Staff numbers were 1516 at 30 June 1993.

Inadequate  
accounts  
and records  
on CDEP  
Scheme

16.21 The audit report on the financial statements was qualified because of inadequacies in the Commission's accounts and records relating to the Community Development Employment Projects (CDEP) Scheme. The Commission was unable to verify that expenditure totalling \$234m during 1992-93 had been made to participants eligible under the scheme.

16.22 ATSIC included a note to the financial statements advising that it considered that there is an element of overpayment recorded in the 1992-93 financial statements for the CDEP Scheme for which corrective adjustments will need to be made against 1993-94 payments. The extent of corrective adjustments required for 1992-93 payments is yet to be quantified by the Commission.

16.23 ATSIC advised that it is in the process of implementing revised CDEP systems and procedures to address the identified deficiencies including a census scheduled for completion in January 1994.

16.24 Matters which are being considered for inclusion in the accounts and records report have been referred to ATSIC for comment and will be included in a subsequent report to the Parliament.



LIST OF RECOMMENDATIONS FROM THE COMMITTEE'S REVIEW  
OF AUDITOR-GENERAL'S REPORT No. 12, 1990-91 ON  
COMMUNITY DEVELOPMENT EMPLOYMENT PROJECTS

The Committee recommended that:

- . planning, review and evaluation activity for the 1992-93 review of AEDP should be commenced as soon as possible so that it is co-ordinated with current review procedures and is part of a publicly visible and accessible process.
- . the 1992-93 review of AEDP should constitute a major assessment of all aspects of the CDEP, within the AEDP framework, covering policy issues, efficiency and effectiveness, administrative competence and co-ordination between key agencies.
- . community development plans remain a priority for the CDEP scheme and that the effectiveness of the planning process, including community development plans, work plans and regional plans be monitored and kept under review.
- . the implementation of both the User Guide and the work program requirement be kept under review, to monitor the extent of their effectiveness in ensuring that the aims of CDEP are being met.
- . the original and stated intention of CDEP, to pay participants the equivalent of foregone unemployment benefit entitlements in exchange for agreed work be maintained as the norm. Equally, the principle that the agreed work must be performed if payment is to be received should also apply. The monitoring role by ATSIC to ensure that this equilibrium occurs should be maintained.



ATSIC and DSS maintain a close watch on relativities between CDEP and the payment of unemployment benefit and more closely coordinate their policy responses. The AEDP Task Force may provide a vehicle for dealing with unresolved issues.

efforts continue to improve the take up of FAS by eligible CDEP participants and that both ATSIC and DSS continue to monitor these take up rates.

improved procedures continue to be implemented by ATSIC and DSS to ensure the correct allocation of funds to CDEP communities.

an adequate monitoring of the success of these enhanced arrangements be maintained and that the results be fed into the 1992-93 CDEP review process.

the research project into the impact of applying appropriate industrial awards to CDEP communities proceed as quickly as possible. It will be important to reach a timely conclusion to this exercise which, again, should present some outcomes for the 1992-93 review.

a high priority be given to the training and support needs of CDEP administrators, through the combined efforts of ATSIC and DEET.

as foreshadowed by DEET, an evaluation of the effectiveness of current training programs in support of administrative competencies for CDEP participants be a significant element of the review of AEDP in 1992-93.

senior management of ATSIC and DEET take a significant role in the effective oversighting of improved financial management and accountability for CDEP.

support and development to increase the effective administration of CDEP be a key priority for review in 1992-93.